

SCOTTSDALE AIRPORT ADVISORY COMMISSION MEETING NOTICE AND AGENDA



Wednesday, February 8, 2012
6:00 p.m.
Scottsdale Airport Terminal Lobby
15000 N. Airport Drive, Scottsdale, AZ



AIRPORT ADVISORY COMMISSION

Michael Goode, Chair
William Bergdoll, Vice Chair
Ken Casey
William Schuckert

Gunnar Buzzard
Bob Hobbi
Steve Ziomek

Call to Order

Roll Call

Pledge of Allegiance

Aviation Director's Report

The public body may not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

Approval of Minutes

REGULAR MEETING
[January 11, 2012](#)

Public Comment

Citizens may address the members of the Airport Advisory Commission during Public Comment. This "Public Comment" time is reserved for citizen comments regarding non-agendized items. However, Arizona State law prohibits the Airport Advisory Commission from discussing or taking action on an item that is not on the prepared agenda.



Persons with a disability may request a reasonable accommodation by contacting Theresa Smith at Airport Administration (480-312-2321). Requests should be made 24 hours in advance or as early as possible to allow time to arrange accommodation. For TTY Users, the Arizona Relay Service (1-800-367-8939) may contact the Aviation Department (480-312-2321).

REGULAR AGENDA

ITEMS 1-10

How the Regular Agenda Works: The Commission takes a separate action on each item on the Regular Agenda. If you wish to address the Commission regarding any or all of the items on the Regular Agenda, please complete a Comment Card for each topic you wish to address and submit it to Aviation Staff. Speakers will be given three minutes to speak per item. Additional time may be granted to speakers representing two or more persons. Cards for designated speakers and the persons they represent must be submitted together. **Comment cards must be submitted before public testimony has begun on any Regular Agenda or Public Hearing item.**

1. Discussion and Possible Action to recommend adoption of Resolution No. 8961 approving and authorizing execution of contract No. 2012-010-COS and No. 2012-011-COS, with Hertz Corporation and Enterprise Leasing Company of Phoenix, LLC, lease agreements for commercial office space at the Scottsdale Airport Terminal building
Staff contact: Shannon Johnson, Management Analyst, 312-8475, shjohnson@scottsdaleaz.gov
2. Discussion and Possible Action to recommend adoption of Resolution No. 8960 approving and authorizing contract No. 2012-009-COS with Scottsdale Exclusive Transportation, LLC, a lease agreement for office space and aircraft parking spaces at the Scottsdale Airport Terminal building
Staff contact: Shannon Johnson, Management Analyst, 312-8475, shjohnson@scottsdaleaz.gov
3. Discussion and Input Regarding the Scottsdale Air Fair
Staff Contact: Kate O'Malley, Aviation Planning & Outreach Coordinator, 312-8482, komalley@scottsdaleaz.gov
4. Discussion and Possible Action Regarding the Airport Commission Liaison Program
Contact: Chair Goode, 312-2321, mgoode@netjets.com
5. Discussion and Input Regarding Monthly Operations Reports for January
Staff contact: Chris Read, Airport Operations Manager, 312-2674, cread@scottsdaleaz.gov
6. Discussion and Input Regarding Monthly Financial Reports for December
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 312-8475, shjohnson@scottsdaleaz.gov
7. Discussion and Input Regarding the Marketing, Community and Pilot Outreach Programs
Staff contact: Kate O'Malley, Aviation Planning & Outreach Coordinator, 312-8482, komalley@scottsdaleaz.gov
8. Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations or Revocations
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 312-8475, shjohnson@scottsdaleaz.gov
9. Discussion and Input Regarding Status of Aviation Items to City Council
Staff contact: Gary P. Mascaro, Aviation Director, 312-7735, gmascaro@scottsdaleaz.gov

10. Discussion and Possible Action to Modify the Airport Advisory Commission Meeting
Schedule and Commission Item Calendar
Staff contact: Gary P. Mascaro, Aviation Director, 312-7735, gmascaro@scottsdaleaz.gov

Future Agenda Items

Discussion and possible action regarding Commissioner requested future agenda items.

Adjournment



APPROVAL OF MINUTES

Meeting Date: 02/08/12

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

ACTION

Approval of Minutes – Regular Meeting
January 11, 2012

Attachment(s): 1. Draft minutes of the January 11, 2012 Regular Meeting

Action taken:



DRAFT

**SCOTTSDALE AIRPORT ADVISORY COMMISSION
PUBLIC MEETING
Scottsdale Airport Terminal Lobby
15000 N. Airport Drive, Scottsdale, AZ**

January 11, 2012

MINUTES

PRESENT: Gunnar Buzzard, Past Chairman
Michael Goode, Chairman Elect, Past Vice Chairman (arrived at 6:25 p.m.)
William Bergdoll Vice Chairman Elect (left at 8:07 p.m.)
Ken Casey
Bob Hobbi
William Schuckert
Steve Ziomek

STAFF: Cliff Frey, Senior Assistant City Attorney
Shannon Johnson, Management Analyst
Gary P. Mascaro, Aviation Director
Kate O'Malley, Planning & Outreach Coordinator
Chris Read, Airport Operations Manager

CALL TO ORDER

Chairman Buzzard called the meeting to order at 6:02 p.m.

ROLL CALL

A formal roll call confirmed the presence of Commissioners as noted above. Vice Chairman Goode was en route because of a delayed flight, so Chairman Buzzard noted that some items would be discussed out of agenda order, as there were other items for which all Commissioners should be present.

AVIATION DIRECTOR'S REPORT

Aviation Director Mr. Gary Mascaro announced that the North Scottsdale Park and Ride on Airport property at the south east corner of Scottsdale Road and Thunderbird will soon be in operation. The Airport has leased the property to the City of Scottsdale for 40 years. In return the City will make a one-time payment of \$2 million to the Aviation Enterprise Fund. This is to be funded through Federal grant monies to the City. The facility will provide 275 parking spaces and motorists will be able to transfer to both local and express bus routes. The RFP will close on January 26. The total project cost is estimated at around \$7 million to be funded from grants and local sources. Once the bid is awarded it is anticipated that this will take six months to build. The three-way intersection at 73rd Street and Thunderbird Road is to be converted to a four-way intersection to provide a safer entry and exit point.

Mr. Mascaro distributed copies of an article from Business and Commercial Aviation magazine regarding the proposed Large Aircraft Security Program LASP-2. It now appears there will be no notice of proposed rule making during calendar 2012.

He congratulated Commissioner Casey on his appointment as President of the Arizona Business Aviation Association.

APPROVAL OF MINUTES

1. Approval of Minutes

Regular Meeting: December 14, 2011

Commissioner Casey made a motion to approve the minutes of the December 14, 2011 regular meeting. Commissioner Ziomek seconded the motion, which carried by a unanimous vote of six (6) to zero (0). Vice Chairman Goode arrived later.

PUBLIC COMMENT

No members of the public wished to address the Commission.

CONSENT AGENDA ITEMS 1 - 2

1. Discussion and Possible Action regarding Application for Airpark Aeronautical Business for Dryden Helicopters, LLC., to conduct Helicopter Specialized Commercial Flying Services
2. Discussion and Possible Action regarding Application for Airpark Aeronautical Business for Jonathans Jet Catering, LLC. to conduct In Flight Catering Services

Commissioner Bergdoll made a motion to accept the consent agenda. Seconded by Commissioner Casey, the motion carried by a unanimous vote of six (6) to zero (0). Vice Chairman Goode arrived later.

REGULAR AGENDA ITEMS 3 -16

4. Discussion and Possible Action regarding Airport Advisory Commission By-Laws

Chairman Buzzard said the Commission would discuss this item next pending the arrival of Vice Chairman Goode. Items 3, 5, and 8 should be discussed by the whole Commission.

Commissioner Casey made a motion to approve the By-Laws as they stand, which was seconded by Commissioner Ziomek. The motion passed by a unanimous vote of six (6) to zero (0). Vice Chairman Goode arrived later.

6. Discussion and Possible Action to approve Airport Advisory Commission Annual Report

Mr. Mascaro explained that the annual report will be presented to City Council in February. Staff has prepared a draft report.

Commissioner Bergdoll moved the approval of the 2012 annual report. The motion was seconded by Commissioner Casey and carried by a vote of six (6) to zero (0). Vice Chairman Goode arrived later.

7. Discussion and Possible Action to Approve the Aviation Capital Improvement Program (FY 2012 - 2017)

Management Analyst Ms. Shannon Johnson reviewed the five-year capital improvement program.

Commissioner Bergdoll asked why the budget for the Airport pavement preservation program has been increased. Ms. Johnson explained that this is an ongoing project and the figure is an estimate of what work will be done over the next couple of years.

In response to a question by Commissioner Casey, Mr. Mascaro outlined plans to build a facility to house Airport operations and maintenance equipment. Staff hopes to present the plans to the Commission soon.

Commissioner Casey asked him about the schedule for replacing taxiways. Mr. Mascaro said the FAA recommends creating a pavement maintenance management program. The State evaluates all airport pavements in Arizona on a periodic basis. Maintenance is significantly less expensive than reconstruction.

Ms. Johnson discussed the possible land acquisition for the east parcel to accommodate future needs. The estimated cost is \$6.5 million, which is fully reimbursable. Mr. Mascaro described the funds reimbursement process in reply to a question by Chairman Buzzard. Commissioner Bergdoll asked if there is any risk that the monies would not be reimbursed. Mr. Mascaro said there is always a risk. Both the Commission and Council have to approve the purchase.

Commissioner Bergdoll asked how the up-front purchase, to be paid from the Aviation Fund, would affect that fund. Mr. Mascaro said that \$2 million will be deposited into the Aviation Fund for the Park and Ride. They are not allowed to drain the fund.

Commissioner Casey asked whether the Airport would be able to resell the parcel if before it was developed the price of land were to rise dramatically. Mr. Mascaro said it is highly unlikely. Once the parcel is included in the Airport layout plan, the FAA does not like to release land without a compelling reason. It is in the Airport's best interest to keep the land once it is acquired.

Commissioner Schuckert asked how they had arrived at the estimated price of \$6.5 million. Mr. Mascaro said it is based on an appraisal. The price could change, but would have to be approved by both the Airport Advisory Commission and City Council. It is possible that the purchase could be made in FY 2012/2013.

Ms. Johnson said the goal is to build an apron and taxiway on the parcel once it has been acquired, plus some hangars to generate additional revenue for the Airport. The cost estimate is \$1.1 million, of which about \$30,000 would come from the Aviation Fund.

Noting that this is the last undeveloped parcel near the Airport, Commissioner Casey inquired whether it is common practice for airports to buy up land in these circumstances. Mr. Mascaro said it is a basic principle. He added that the 1997 Airport Master Plan contemplated the purchase of this very parcel.

Commissioner Ziomek asked how the current capital improvement plan compares to previous years. Ms. Johnson said the plan for FY 2012/2013 has increased.

Chairman Buzzard made a motion to approve the capital improvement program. Commissioner Ziomek seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

5. Discussion and Input Regarding the Annual Ethics Training

Senior Assistant City Attorney Mr. Cliff Frey presented the annual ethics training refresher, screening a video. He distributed the Public Service Ethics Training Form and the Personal Interest Disclosure Form for the Commissioners to sign and return to his office.

3. Election of Officers

On behalf of Aviation staff, the City, the Mayor, and the stakeholders, Mr. Mascaro thanked Chairman Buzzard for his hard work as Chair of the Airport Advisory Commission.

Chairman Buzzard welcomed Commissioner Hobbi to the Commission. He thanked the other Commissioners for their efforts, the staff, and Ms. Kim Hanna, now with Economic Vitality. He said he had learned a lot as a Commissioner.

Chairman Buzzard made a motion to nominate Vice Chairman Goode as the new Chair of the Airport Advisory Commission. Commissioner Casey seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

Chairman Goode thanked everyone. He presided over the remaining portion of the meeting.

Commissioner Buzzard made a motion to nominate Commissioner Bergdoll as Vice Chairman. The motion was seconded by Commissioner Ziomek and carried with a unanimous vote of seven (7) to zero (0).

8. Discussion and Possible Action per the Planning Commission Request to Hold a Joint Work Study Session to Discuss Land Use around the Scottsdale Airport

Mr. Mascaro noted that the Planning Commission has made a formal request to the Airport Advisory Commission to hold a joint work study session to discuss land use around the Airport.

Commissioner Ziomek asked about the proposed joint work study session with City Council, the Airport Advisory Commission, and the FAA. Mr. Mascaro said at last night's Council meeting, Councilman Littlefield made a motion to hold such a session, which was seconded by Councilwoman Borowski. The vote was five-two against having this meeting.

Chairman Goode inquired whether everyone had been able to view the video from the December Planning Commission meeting. Commissioner Hobbi said as a new Commissioner he was not sure how to interpret what he saw and heard. If the real goal of everyone is to improve Scottsdale, he feels they should step up and get people to understand that the Airport Advisory Commission is there in part to protect Airport operations. It was obvious from the video that there is a lack of understanding.

Commissioner Buzzard said Mr. Curtis did a good job of logically laying out the roles and responsibilities of the Airport Advisory Commission, and made comments about the reasons behind the Commission's recommendation. In his opinion, Commissioner Buzzard said this is not a complicated issue. It seems the Planning Commission has questions about how the two Commissions might work together going forward. The members of the Planning Commission may not be aware of the work the Airport Advisory Commission is doing in terms of residential encroachment issues and noise complaints, or of the discussion the Commission had with the FAA representative about residential encroachment. He reminded everyone that the Commission is an advisory body. City Council makes policy decisions.

Commissioner Ziomek expressed disappointment that City Council voted not to meet with the Airport Advisory Commission and the FAA. Such a session would have led to a fuller understanding of the issues. He opined that the role of the Airport Advisory Commission is not to work with the Planning Commission. Having watched the discussion at the Planning Commission, he felt some of the Commissioners would be upset no matter what the Airport Advisory Commission says.

Chairman Goode said the Airport Advisory Commission's responsibility is to be concerned with the area surrounding the 55 dnl noise contour line. Mr. Mascaro clarified that the Commission's purview is to evaluate land uses surrounding the Airport, as defined by the blue, green, and purple areas on the map. If any conflicts are identified in these areas, the Commission is charged by the provisions of the Scottsdale Revised Code to provide a recommendation to City Council.

Chairman Goode was not convinced that a joint work session would change that opinion. Commissioner Ziomek suggested that sharing the map with the Planning Commission might be helpful. Mr. Mascaro said this information was provided to the Planning Commission previously, but if the Commission chooses it could be provided again.

Commissioner Casey agreed with Commissioner Ziomek, saying the five to two vote of City Council against meeting with the FAA and the Commission is telling. He felt that the Airport Advisory Commission should at least be willing to sit down with the Planning Commission although doing so may not change anything. He feels everyone can learn something from such a meeting.

Commissioner Hobbi said this is a very important issue. People are tired of divided governments that are unable to work together. The point of volunteering as a Commissioner is to serve the citizens of Scottsdale. He believes they should educate the Planning Commission about aviation and reassure them that the Airport Advisory Commission is not trying to stop growth. Their aim is to create a viable community with a balanced approach to important issues. The agenda for the work study session should be set out to ensure that perspectives are shared and the tone does not become accusatory.

Commissioner Schuckert said the two Commissions have slightly different directives, but with the same goal, to enhance the City of Scottsdale. Dialog with the Planning Commission in a structured meeting is important. Commissioner Buzzard concurred.

Chairman Goode said what bothered him the most was the belief of several Planning Commissioners that the Airport Advisory Commission cannot say anything about planning. If that attitude persists he does not believe that a meeting will solve anything. Mr. Mascaro said that Deputy City Attorney Sheri Scott had clarified to the Planning Commission that the Airport Advisory Commission's purview derives from the City Code, not from its by-laws.

Commissioner Ziomek asked whether they should have an FAA representative available at the meeting to add weight to the Airport Advisory Commission's point of view. Chairman Goode said the FAA is only concerned with land use within the 65 dnl noise contour line. Mr. Mascaro confirmed that the last written communication from the FAA was that land use is a local issue. Commissioner Buzzard agreed that the FAA has a historical perspective and has shared their observations with the Commission. He believes this could be an educational session.

Vice Chairman Bergdoll opined that if the two Commissions do not meet, the pattern will continue on both sides. The dialog at the meeting may result in a better solution for the City. Although he heard some comments he did not appreciate about the role of this Commission in the video, he also heard some Planning Commissioners who thought they should be working together. There is nothing to lose and potentially something to gain by having the work study session.

Chairman Goode said there will be times when the recommendations of the two Commissions will not be identical. Commissioner Buzzard said this is inevitable and that healthy dissension is important in democracy as long as the parties have a thoughtful, logical approach.

In response to a question from Chairman Goode, Mr. Mascaro said the next step would be to have a motion and discuss any specifics. Commissioner Casey suggested inviting the Planning Commission to meet at the Airport and use the opportunity to show them the economic impact of the Airport. Commissioner Buzzard suggested offering them a tour of the Airport before the meeting.

Commissioner Hobbi pointed out that developing the agenda will be critical to the success of the work study session. Commissioner Ziomek concurred, suggesting that a tour of the facilities be included on the agenda.

Commissioner Buzzard made a motion to approve a work study session with the Planning Commission at a date and time to be determined by the Chairman of the Airport Advisory Commission. Commissioner Casey seconded the motion.

Mr. Mascaro opined that it would be helpful for the Commission to draft the agenda. He suggested scheduling this meeting for February 8, which is the regularly scheduled meeting of each of the Commissions.

Commissioner Buzzard modified his motion as follows: That the joint work study session with the Planning Commission be held February 8 at 6:00 p.m. at the Airport.

Mr. Mascaro pointed out that if the facilities tour were agendized, it would have to also be open to the public, which would be a logistical challenge. A possible alternative would be to tell the Planning Commission that they are welcome to schedule individual tours conducted by staff, which could then take place in daylight. Staff could provide their standard introduction to the Airport presentation as part of the meeting. Further discussion ensued and Mr. Mascaro cautioned that the discussion was straying off topic while a motion was on the floor. He suggested that the motion be completed.

Commissioner Buzzard modified his motion as follows: That the joint work study session with the Planning Commission be held February 8 at 5:00 p.m. at the Airport, the agenda to include a presentation on the Airport, the roles and responsibilities of both the Airport Advisory Commission and the Planning Commission, and a discussion of land use compatibility and how Part 150 and NCP relate to compatible land use. Commissioner Casey seconded the motion.

Vice Chairman Bergdoll asked if there was a reason to start the meeting at 5:00 p.m., since it will not be possible to have a tour of the Airport.

Commissioner Buzzard amended the motion as follows: That the joint work study session with the Planning Commission be held February 8 at 6:00 p.m. at the Airport, the agenda to include a presentation on the Airport, the roles and responsibilities of both the Airport Advisory Commission and the Planning Commission, and a discussion of land use compatibility and how Part 150 and NCP relate to compatible land use. Commissioner Casey seconded the motion. The motion carried by a unanimous vote of seven (7) to zero (0).

9. Discussion and Possible Action Regarding the Airport Commission Liaison Program

Chairman Goode asked Commissioner Buzzard if he wished to continue coordinating this program. Commissioner Buzzard replied that he will do whatever the Chairman prefers. He initiated the program as a tool to involve the whole Commission. He found it served him well in involving everyone on the Commission. He assured Chairman Goode that he would not be offended if the program were to be done away with.

Chairman Goode said he felt there had not been enough input from the Commissioners. He is open to discussion.

Commissioner Casey felt this is a great idea, but the topics should be revamped and reassigned to be more relevant.

Commissioner Schuckert said the benefit is that the Commission is prepared as issues arise.

Commissioner Ziomek asked whether the Commissioners are supposed to coordinate with staff on their assigned area. Chairman Goode said he has looked at security issues in general aviation that could affect Scottsdale Airport. He was willing to look at the topics and invited the Commissioners to say which areas they are interested in.

Commissioner Casey recommended government affairs as a good topic and volunteered to cover it.

Commissioner Schuckert said he switched his assignment to regulations and standards because he believes this topic is ongoing.

Commissioner Buzzard said the importance of different topics varies over time. It could be argued that community communications and public relations is less necessary now that the Airport is adequately staffed. Chairman Goode agreed, saying that Commissioners are available to help Ms. O'Malley as necessary.

Commissioner Casey pointed out that Mr. Washington had often responded to noise complaints. He asked Ms. O'Malley whether it would be helpful to have a Commissioner available to do this kind of outreach. Ms. O'Malley said it is a great idea. Chairman Goode opined that they do not need to assign a Commissioner. This can be handled on a case by case basis.

Chairman Goode summarized the new assignments:

- | | |
|-----------------------------|----------------------------------|
| ➤ Air Fair | Commissioners Buzzard and Ziomek |
| ➤ Safety | Commissioners Casey and Hobbi |
| ➤ Government regulations | Commissioner Casey |
| ➤ Regulations and standards | Commissioner Schuckert |
| ➤ Planning/Development | Vice Chairman Bergdoll |

Chairman Goode said the Commission will try this for a few months. If it is not effective they can drop it.

Commissioner Buzzard said current and former Commissioners had received many phone calls following the serious accident that occurred. He did his best to refer all inquiries to Ms. O'Malley and Mr. Mascaro. Subsequently he referred callers to the City Public Information Officer. Chairman Goode said the best thing is for staff to handle these, but oftentimes callers are pushing for a quote.

10. Discussion and Input Regarding Quarterly Noise Complaint Summary Report

Planning and Outreach Coordinator Ms. Kate O'Malley discussed the report for the fourth quarter of 2011.

Responding to a comment by Commissioner Casey, Mr. Mascaro explained that the definition of night time from 10:00 p.m. to 6:00 a.m. is based on FAA prohibitions in the Part 150 study.

Ms. O'Malley elaborated to Chairman Goode that the most active complainant in the last quarter was concerned with night time noise. Mr. Mascaro said the Airport has voluntary programs in place. Also maintenance runups and touch and go operations are prohibited at night.

At the request of Commissioner Hobbi, Ms. O'Malley described the noise complaint procedures.

11. Discussion and Input Regarding Monthly Operations Reports for December

Airport Operations Manager Mr. Chris Read presented the report and reviewed the definitions for the benefit of Commissioner Hobbi. He added that a preliminary report on the December 15 accident near the Airport has been posted on the NTSB website.

The final phase of the ramp project has been completed. He thanked Mr. Matt Wright of Landmark Aviation for his patience and cooperation during all the construction.

Chairman Goode complimented Mr. Read on having the construction completed ahead of schedule and in good time for the Airport's busiest season.

Commissioner Casey asked about the scheduling of projects. Mr. Read said staff try to schedule the major construction projects during the summer months. The FAA was able to provide extra funding and the bids were very competitive, so it was to the advantage of the Airport to carry on with construction into the fall.

12. Discussion and Input Regarding Monthly Financial Reports for November

Ms. Shannon Johnson, Management Analyst, presented the financial reports for November 2011.

In response to a query by Chairman Goode, she agreed that collecting customs fees via credit card as people arrive has reduced accounts receivable.

13. Discussion and Input Regarding the Marketing, Community and Pilot Outreach Programs

Ms. O'Malley gave a brief presentation. With regard to the 2012 Air Fair, staff and PSM² will be working to recruit sponsors. If sponsors are not met by April the event will be canceled. The proposed dates are November 3 and 4.

Commissioner Hobbi asked whether it would make sense to send special invitations to the Air Fair to people who have complained about noise. Ms. O'Malley said staff sent out notifications the week prior to the event to advise them of the Air Fair. Mr. Mascaro said the information about the Air Fair is very recent. At the next meeting staff plan a much fuller briefing about the need for sponsorship. Channel 11 covered the Air Fair in City RoundUp.

Commissioner Hobbi volunteered to host any frequent complainers and give them a tour of the Airport. Ms. O'Malley thanked him. She noted that the Airport will be 70 years old in June.

14. Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations or Revocations

Ms. Johnson said that Aviation West has been added to the Airport list after the Commission ratified their permit last month. In the Airpark, Scott Air Island Air Express was added to the list after being ratified by the Commission last month.

In reply to a query by Commissioner Casey, Ms. Johnson said that Scott Air operates under a charter certificate.

15. Discussion and Input Regarding Status of Aviation Items to City Council

For the benefit of Commissioner Hobbi, Mr. Mascaro explained that at the request of former Commissioner Washington, staff is now tracking items that the Commission has made recommendations on to Council. He noted that the list will be cleaned up for 2012. Currently the lease amendment for Alliance Flight Schools is scheduled for the consent agenda of the January 24 Council meeting.

He explained which projects would go to the Planning Commission, the Design Review Board, or City Council because of taxi lane access, height implications or noise sensitive uses. Currently the Scottsdale Quarter and the Scottsdale Center Medical Building are on this list.

16. Discussion and Possible Action to Modify the Airport Advisory Commission Meeting Schedule and Commission Item Calendar

Chairman Goode said the date of the joint work study session with the Planning Commission is subject to change if necessary. Commissioner Casey remarked that the reason for holding this at the Airport is not to inconvenience the Planning Commissioners; they truly want to give them an opportunity to see Scottsdale Airport.

Mr. Mascaro mentioned that two staff from the Planning Department attended tonight's meeting and will share their impressions with the Chair and Vice Chair of the Planning Commission.

COMMISSION SUMMARY OF CURRENT EVENTS

Commissioner Schuckert referred to the serious incident off Airport on December 15. He spoke with the first 911 caller, who expressed a lot of concern about the 911 process. The operator spent a lot of time asking whether the incident was in Scottsdale or Phoenix. He was from another part of the Valley and could not tell them, despite repeated questioning. If there is anything the Commission can do, he would like to take action.

Commissioner Buzzard said this could be a future agenda item. Commissioner Schuckert said he would talk about it with Mr. Mascaro first. Chairman Goode said the process certainly warrants being looked at.

In response to a further question from Commissioner Ziomek, Mr. Mascaro cautioned that they should not discuss current events.

FUTURE AGENDA ITEMS

None noted.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 8:21 p.m.

Respectfully submitted,

A/V Tronics, Inc. DBA AVTranz



COMMISSION ACTION REPORT

Discussion and Possible Action to recommend adoption of Resolution No. 8961 approving and authorizing execution of contract No. 2012-010-COS and No. 2012-011-COS, with Hertz Corporation and Enterprise Leasing Company of Phoenix, LLC, lease agreements for commercial office space at the Scottsdale Airport Terminal building

Agenda Item No.: 1

Meeting Date: 02/08/2012

Staff Contact: Shannon Johnson ,
Management Analyst

Phone: (480) 312-8475

ACTION

Airport Advisory Commission consider recommending that the City Council ADOPT Resolution No. 8961 approving and authorizing execution of contract No. 2012-010-COS and No. 2012-011-COS, with Hertz Corporation and Enterprise Leasing Company of Phoenix, lease agreements for commercial office space at the Scottsdale Airport Terminal building.

PURPOSE

The approval and authorization of the lease agreements allow Hertz Corporation and Enterprise Leasing Company of Phoenix, LLC to occupy commercial office space at the Scottsdale Airport Terminal building to conduct airport rental car concession services.

KEY CONSIDERATIONS

- The Hertz Corporation and Enterprise Leasing Company of Phoenix, LLC are both existing tenants and will remain in their current suites.
- A request for proposals for lease for rental car concessions was issued; two proposals were received, and evaluated by a Proposal Evaluation Committee consisting of an Airport Commissioner, one Aviation employee and an employee in the City Manager's Office.
- Under the proposed lease agreement the City will receive a combined monthly Base Rent totaling \$6,500.
- The Lessees will be required to maintain their existing Aeronautical Business Permits for airport rental car concession services and pay the appropriate fee of 8 percent of gross income as outlined in the Airport Minimum Operating Standards.
- The terms of the lease agreements are five (5) years, with five (5) one-year options for a total of ten (10) years.

Attachment(s): 1. Resolution No. 8961
2. Contract No. 2012-010-COS
3. Contract No. 2012-011-COS

Action Taken:

RESOLUTION NO. 8961

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE,
MARICOPA COUNTY, ARIZONA, AUTHORIZING LEASE
NO. 2012-010-COS WITH HERTZ CORPORATION AND LEASE
NO. 2012-011-COS WITH ENTERPRISE LEASING COMPANY
OF PHOENIX, LLC FOR RENTAL CAR SERVICES AT
THE SCOTTSDALE AIRPORT

Hertz Corporation and Enterprise Leasing Company of Phoenix, LLC
desire to provide rental car services to customers at the Scottsdale Airport; and

The City is prepared to lease space for the rental car service in the Airport
Terminal Building.

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1. The Mayor of the City of Scottsdale is authorized and
directed to execute Lease No. 2012-010-COS between the City and Hertz
Corporation and Lease No. 2012-011-COS between the City and
Enterprise Leasing Company of Phoenix, LLC, for rental car services in
the Terminal Building at the Scottsdale Airport.

PASSED AND ADOPTED by the Council of the City of Scottsdale this
____ day of February, 2012.

ATTEST:

CITY OF SCOTTSDALE, an
Arizona Municipal Corporation

Carolyn Jagger, City Clerk

W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:



Bruce Washburn, City Attorney

By: Clifford J. Frey
Senior Assistant City Attorney

WHEN RECORDED, RETURN TO:

City of Scottsdale
City Clerk
(Aviation Director)
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

Contract No. 2012-010-COS
Resolution No. 8961

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this ____ day of _____, 2012, by and between the CITY OF SCOTTSDALE, an Arizona municipal corporation ("Lessor"), and Hertz Corporation, a New Jersey Corporation ("Lessee").

W I T N E S S E T H

A. City is the owner of certain real property (the "Premises") located within and adjacent to the existing terminal building (the "Terminal Building") at Scottsdale Airport (the "Airport"). The Terminal Building is located on a parcel of real property described on Exhibit "A" attached hereto and made a part hereof.

B. Lessor desires to lease the Premises to Lessee for an office, counter space, and automobile parking solely for the purpose of conducting normal retail operations of a rental car concession at the Airport (the "Permitted Uses"), subject to the requirements of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing, the rent hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1. Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2. Premises.

2.1 Limitations. The Premises are limited to the areas depicted in the drawing attached hereto as Exhibit "B." Lessee has examined, studied and inspected the Premises and they are being leased in an "as is" condition without any express or implied warranties of any kind, including without limitation any warranties or representations as to their condition or fitness for any use. Lessee will not be held responsible for any loss or liability resulting from pre-existing conditions not caused by Lessee or its invitees, nor any latent defects not reasonably detectable by an inspection of the Premises. The Premises includes and is limited to:

2.1.1 Approximately four hundred fifty (450) square feet of floor area and adjacent six (6) linear feet of counter space known as Suite 102 located inside and toward the northwest end of the Terminal Building consisting of office space, together with:

2.1.2 The right to install and use a single communications dish antenna or whip antenna upon the roof of the Terminal Building, but only if such antenna complies with all of the requirements of all applicable laws and this Agreement, and subject to such conditions and requirements as Lessor may impose.

2.2 Rights in Adjacent Premises. Lessee's rights are expressly limited to the real property defined as the "Premises" in this Agreement. Without limitation, in the event any public or private property adjacent to the Premises is owned, dedicated, abandoned or otherwise acquired, used, improved or disposed of by Lessor, such property shall not accrue to this Agreement but shall be Lessor's only. In addition, and severable from the preceding sentence, upon any such event, Lessee shall execute and deliver to Lessor without compensation a quit-claim deed of such property. In the event the Premises consists of more or less than the stated area, this Agreement shall nevertheless continue and Lessee's obligations hereunder shall not be diminished.

2.3 Title. Lessee's rights hereunder are subject to all covenants, restrictions, easements, agreements, reservations and encumbrances upon, and all other conditions of title to, the Premises. Notwithstanding the preceding sentence, Lessor agrees that on the commencement date there will be no mortgage lien or deed of trust covering the Premises, other than current taxes or liens resulting from the acts or omissions of Lessee. Lessee's rights hereunder are further subject to all present and future building restrictions, regulations, zoning laws, ordinances, resolutions, and orders of all bodies, bureaus, commissions and bodies of any municipal, county, state, or federal authority, now or hereafter having jurisdiction over the Premises or Lessee's use thereof. Lessee shall have no right under this Agreement to do (or fail to do) anything prohibited (or required) by any documents affecting legal title to the Premises.

III. TERM OF LEASE

3. Term of Lease. Lessor hereby leases the Premises to Lessee subject to the following provisions and conditioned upon Lessee's full, timely, complete and faithful performance of all performances and things to be performed or done hereunder by Lessee and Lessee hereby accepts the Premises and this Agreement.

3.1 Term. The term of this Agreement shall be for a period of five (5) years commencing on the date of this Agreement unless sooner terminated as hereinafter set forth.

3.2 Extensions. Subject to Lessor's consent, which Lessor may withhold in Lessor's sole and absolute discretion, in the event of Lessee's continuously full, complete and timely performance of this Agreement throughout the initial term set forth above and any extension, this Agreement may be extended at Lessee's sole option for five (5) additional one (1) year periods for a total of ten (10) years. In order to exercise its option to extend, Lessee must give to Lessor written notice of Lessee's intent to extend no later than six (6) months and no earlier than twelve (12) months prior to expiration of the initial term (or, in the case of the second or subsequent extension, the prior extension). In the event of extension, Lessee shall obtain from Lessor and record a notice of extension in form acceptable to Lessor.

3.3 Holding Over. In any circumstance whereby Lessee would hold over and remain in possession of the Premises after the expiration of this Agreement, such holding over shall not be deemed to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon ten (10) days notice to Lessee.

IV. LEASE PAYMENTS

4. Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable one month in advance on the twenty-fifth day of the preceding calendar month. For example, the Rent for September shall be payable on or before August 25th. The first installment of Rent prorated for the portion of the month remaining in the month in which this Agreement is executed is due immediately upon execution of this Agreement.

4.2 Base Rent. The rental amount (the "Base Rent") Lessee shall pay to Lessor each of the first twelve (12) months from the commencement of the term of this Agreement shall be Four Thousand Two Hundred & No/100Dollars (\$4,200.00).

4.3 Base Rent Adjustment. The Base Rent shall be automatically adjusted upward on each annual anniversary of the commencement of the term of this Agreement on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics as of the date two (2) months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Base Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

provided, that in no event shall the Base Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index published by any federal agency shall be substituted by Lessor in Lessor's reasonable discretion. In the event of a holdover without Lessor's consent, Base Rent shall be increased by an additional twenty-five percent (25%) over the amount of Base Rent otherwise payable.

4.4 Base Rent Adjustment. If the parties agree to one or more extensions of the term of this Agreement, they shall renegotiate the Base Rent effective at the commencement of each such extension.

4.5 Security Deposit. At the time of execution of this Agreement Lessee shall provide to, and maintain with Lessor at all times during the term of this Agreement, a security deposit guaranteeing the faithful performance of this Agreement, or in lieu thereof, a cash bond or certificate of deposit acceptable to Lessor in Lessor's sole and absolute discretion in the name of Lessor, in the sum of Two Thousand Dollars (\$2,000.00). Any portion of said security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee to Lessor, shall be paid to Lessee by the then owner of the fee title to the Premises within sixty (60) days after termination of this Agreement.

4.6 Utilities. Lessee shall contract for and pay all charges, fees, deposits and other amounts for telecommunication services and devices at the rates applicable thereto. Lessor shall provide to the Premises air conditioning, heating, and electricity through existing lines or equivalent. Lessee shall pay Two Hundred Twenty and 70/100 Dollars (\$220.70) per month to Lessor for air conditioning, heating, and electrical service to the Premises. Lessor shall have the right to adjust said amount upward each July 1 during the entire term of this Agreement in the event of increases in the cost of utilities. Said amount includes a portion of the cost of utilities related to the common areas of the Terminal Building. Lessee shall do nothing that would materially increase the amount of shared utilities consumed at the Premises or common areas. No other utilities are available.

4.7 Late Fees. Should any installment of Rent not be paid on or before the date due, a ten percent (10%) late fee shall be added to the amount due, or found to be due. Furthermore, any and all amounts payable by Lessee under this Agreement that are not timely paid shall accrue interest at the rate of one percent (1%) per month from the date the amount first came due until paid. Lessee expressly agrees that the foregoing represent reasonable estimates of Lessor's costs in the event of a delay in payment of Rent.

4.8 Rent Amounts Cumulative. All amounts payable by Lessee hereunder or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.9 No Setoffs. All Rents shall be paid in full directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

V. USE RESTRICTIONS

5. Use Restrictions. Lessee's use and occupation of the Premises shall in all respects conform to all and each of the following cumulative provisions:

5.1 Permitted Uses. Lessee shall use the Premises for the Permitted Uses. No other activity shall be conducted at or from the Premises.

5.2 Hours of Operation. Lessee shall keep the Premises open for normal passenger vehicle and other vehicle rental service to the public for such hours of operation as is approved from time to time by the Contract Administrator, considering how best to serve airport customers.

5.3 No Exclusive Uses. This Agreement does not give Lessee any exclusive right to conduct any type of business at the Terminal Building or the Airport and nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C. § 1349). However, Lessor shall not permit a total of more than two (2) rental car operators to solicit rental car concessions within the Terminal Building.

5.4 Fixtures and Personal Property. Lessee shall provide to the Premises all equipment and other items necessary for the Premises to be conveniently used for the Permitted Uses.

5.5 Lessee's Agent. Lessee shall at all times during normal business hours or when the Premises are otherwise occupied retain on call available to Lessor upon the Premises an active, qualified, competent and experienced manager to supervise all activities upon and operation of the Premises and who shall be authorized to represent and act for Lessee in matters pertaining to all emergencies and the day-to-day operation of the Premises and all activities under this Agreement. During any temporary periods of absence by said manager, an assistant manager or designated representative of Lessee with like authorization must be present upon the Premises. Lessee shall also provide notice to Lessor of the name, address, and regular and after-hours telephone numbers of a person to handle Lessee's affairs and emergencies at the Premises.

5.6 Standards of Service. In entering into this Agreement, Lessor and Lessee have foremost in mind providing public access to enjoyable services of the highest quality. Without limitation, Lessee shall operate the Premises in a first-class manner; shall furnish prompt, clean and courteous service; and shall keep the Premises attractively maintained, orderly, clean, sanitary and in an inviting condition at all times, all to the satisfaction of Lessor. Lessee shall not employ any person or persons in or about the Premises who shall fail to be clean, courteous, efficient and neat in appearance or who shall use improper, obnoxious or rude language or act in a loud or boisterous or otherwise improper manner. No nudity or adult entertainment of any sort is permitted.

5.7 Staff Qualifications and Requirements. Except as Lessor may specifically allow from time-to-time, Lessee shall provide to the Premises at least the following level of staffing and expertise:

5.7.1 Lessee shall not allow any employee or other representative to work upon the Premises or in the vicinity of the Premises without first causing such person to confirm to Lessee in writing that such person has not been convicted of a felony crime.

5.7.2 If Lessor requests, Lessee shall make its employees available to Lessor from time to time for safety training and environmental training.

5.7.3 Lessee shall immediately contact the Scottsdale Police Department, the Scottsdale Fire Department, and/or paramedics when any situation arises outside the capacity and training of Lessee's on-site employees.

5.7.4 Lessee shall be responsible for all aspects of security and safety at the Premises regardless of whether Lessor influences or participates in Lessee's security or safety programs.

5.8 Security Requirements. Lessee shall participate in any public safety program promulgated from time to time by the City of Scottsdale Police Department or other law enforcement agency selected by Lessor from time to time. Lessee shall reasonably cooperate with Lessor and the City of Scottsdale Police regarding concerns and countermeasures affecting security and related risks of business and other operations and activities at and near the Premises.

5.9 Animals. No animals are allowed on the Premises other than seeing-eye dogs and similar animals providing health assistance to disabled persons. Customers' dogs on leashes are also permitted, if allowed by applicable laws and regulations from time to time.

5.10 Governmental Relations. Lessee shall conduct its activities at the Premises in coordination with Lessor as necessary to maintain good relations with all governmental entities having jurisdiction over the Premises and shall immediately give to Lessor notice of any actual or threatened dispute, violation or other disagreement relating to the Premises. Lessee is not an agent for Lessor.

5.11 Common Areas. Subject to current and future regulations and policies governing the use of, and access to, the Terminal Building and the airport, Lessee, its officers, employees, agents, patrons and invitees, and its suppliers of services and furnishers of materials shall have the right of ingress to and egress from the Premises through such portions of the Terminal Building as are open to the public from time to time. Such right is strictly limited to ingress and egress. There shall be absolutely no office activity or storage, however temporary, in the halls, steps, porches or other areas of or surrounding the Terminal Building or the Airport. Lessee shall immediately clean up any spills or debris caused by Lessee or its suppliers or customers. Lessor may from time to time make available to Lessee and/or other users a conference room for use by reservation subject to conflicting uses by Lessor and others and subject to Lessee's payment of a fee established by Lessor.

5.12 Parking. Parking is allowed only as follows:

5.12.1 Lessee shall have an exclusive right to park vehicles within not more than five (5) reserved parking spaces in the Terminal Parking Area, as described on Exhibit "A" attached hereto and made a part hereof, as designated by Lessor from time to time.

5.12.2 Such reserved parking spaces may be used only for employee and customer parking, and storage, preparation, queuing, or staging of rental vehicles.

5.12.3 Lessee shall also have the non-exclusive right to park vehicles within the rental car storage area, as described on Exhibit "A" attached hereto and made a part hereof.

5.12.4 Lessee shall mark each reserved parking space at the Terminal Parking Area with a portable sign indicating that the space is reserved for Lessee's use. Such signs must match Lessor's signs at the Terminal Parking Area.

5.12.5 Lessor in its sole discretion and from time to time may assign Lessee different parking spaces in the Terminal Parking Area.

5.13 Rental Car Cleaning Area. Lessee shall have the non-exclusive right to the use of the rental car cleaning area, as described on Exhibit "A" attached hereto and made a part hereof. Water and electricity are available at the rental car cleaning area.

5.14 Airport Operations. Lessee acknowledges that Lessee's use of the Premises shall be subject and subordinate to Lessor's operation of the Airport, which will necessarily directly and indirectly affect Lessee, the Premises, and Lessee's use of the Premises. Lessee's use of the Premises shall not be permitted by Lessee to in any way adversely affect Lessor's use or operation of the Airport. Without limitation:

5.14.1 Lessor reserves the right to further develop or improve the landing area and other areas of the Airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.

5.14.2 Lessor reserves the right but shall not be obligated to Lessee to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

5.14.3 There is hereby reserved to Lessor, its successors and assigns, for the use and benefit of Lessor and the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the Airport.

5.14.4 Lessee by accepting this agreement agrees for itself, its successors and assigns that it will not make use of the Premises in any manner that might interfere with the taxiing, landing and taking off of aircraft from the Airport, the loading or unloading of passengers or cargo or other aircraft operations or otherwise constitute a hazard. Whether any particular conduct complies with the foregoing shall be determined by Lessor.

5.15 Signs. Lessee shall have the right to install and operate two (2) appropriate signs at the Terminal Building to identify Lessee's rental car concession provided that all of the following conditions are met (Lessor in its sole discretion may authorize the placement of additional signs from time to time):

5.15.1 That the location, size and style of each such sign shall be subject to the provisions of the applicable sign ordinance and shall be in keeping with the Airport sign program as the same may change from time to time and with the overall aesthetics and utility of the Airport facilities and grounds, as determined by Lessor, and shall be designed, made and installed in a professional manner; and

5.15.2 That no sign shall be erected, installed or operated until Lessee has submitted written request, together with descriptions and drawings showing the intended locations, size, style and colors of such signs, to the aviation director, and has received prior written approval from the aviation director; and

5.15.3 That regardless of Lessee's existing signage, Lessor shall have the absolute right to limit the amount of signage for the Premises to one single-faced, exterior sign facing the roadway west of the Terminal Building and one single-faced interior sign in the hall of the Terminal Building adjacent to the Premises. Lessee shall cause said exterior sign to be combined with other signage at the Terminal Building. Without Lessor's consent, such exterior sign shall not exceed two square feet in gross sign area. Without Lessor's consent, said interior sign shall not exceed two square feet in gross sign area. The exterior and interior signs may be dual branded by Lessee. The wall in the Premises to the rear of the counter may contain more than one (1) sign.

5.15.4 That Lessee shall bear all costs pertaining to the erection, installation and operations, maintenance and removal of all signs including, but not limited to, the application for and obtaining of any required building permits.

5.16 Hazardous Materials. Lessee shall not produce, dispose, transport, treat, use or store any hazardous waste or materials or toxic substance upon or about the Premises or any substance now or hereafter subject to regulation under the Arizona Hazardous Waste Management Act, A.R.S. § 49-901 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*, or the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, or any other federal, state, county, or local law pertaining to hazardous waste or toxic substances (collectively "Toxic Substances"). The preceding sentence does not prohibit use of ordinary janitorial supplies used to clean and maintain the Premises. Lessee shall pay, indemnify, defend and hold Lessor harmless against any loss or liability incurred by reason of any Toxic Substance on or affecting the Premises caused by Lessee or its invitees occurring after the date of this Agreement, and shall immediately notify Lessor of any Toxic Substance at any time discovered or existing upon the Premises. Lessee understands the hazards presented to persons, property and the environment by dealing with Toxic Substances. Lessee shall cause any on-site or off-site storage, treatment, transportation, disposal or other handling of Toxic Substance by Lessee in connection with the Premises to be performed by persons, equipment, facilities and other resources who are at all times properly and lawfully trained, authorized, licensed and otherwise permitted to perform such services.

5.17 Communications Operations Restriction. Lessee shall not install, operate, or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment) that is presently in use or could be in use in the future. If such interference should occur, Lessee shall immediately discontinue using such equipment, methodology or technology that causes the interference until corrective measures are taken. Any such corrective measures shall be made at no cost to Lessor.

5.18 Prohibited Names. Lessee shall not allow use in connection with any operations at the Premises any name that directly or indirectly refers to or contains any part of Lessor's name or the Airport's name or otherwise suggests a connection between Lessor and Lessee or Lessee's activities. Lessee shall also not use in connection with its operations at the Premises any name associated with products or purveyors of any sort of alcohol, tobacco, adult entertainment or gambling related products or services.

VI. IMPROVEMENTS BY LESSOR

6. Improvements by Lessor. Lessor has not promised to and is not obligated in any manner to make any improvements or perform any construction or other work at the Premises.

VII. IMPROVEMENTS AND MAINTENANCE

7. Improvements and Maintenance. Except as expressly hereinafter provided, Lessee shall have all responsibilities for improvements to and maintenance of the Premises during the term of this Agreement.

7.1 Improvements by Lessor. Lessor has not promised to and is not obligated in any manner to make any improvements to the Premises, the Terminal Building or the airport.

7.2 General Provisions for Lessee's Improvements. The following provisions shall govern all improvements, alterations, modifications and other construction work of any description by Lessee whether or not specifically described herein (collectively "Lessee's Improvements") upon or related to the Premises:

7.2.1 All Lessee's Improvements shall be designed and made at Lessee's sole cost and expense.

7.2.2 Lessee's Improvements shall include all leasehold improvements, furnishings, furniture, equipment, draperies, carpeting, fixtures, paint, wall treatments, communications cabling, decorations and other construction work of any description as described in all plans heretofore or hereafter delivered by Lessee to Lessor. All such plans and construction are subject to inspection and final approval by Lessor as to colors, fabrics, materials, site plan, etc., as well as general design and function, and appearance. Lessee's corporate colors are acceptable as a part of the general design of the Premises.

7.2.3 All of Lessee's Improvements shall be of high quality, safe, fire resistant, modern in design, attractive in appearance, all as approved by Lessor.

7.2.4 Lessee shall diligently and expeditiously pursue the installation of all approved Lessee's Improvements and shall complete installation of all of Lessee's Improvements no later than three (3) months after the date of plans approval.

7.2.5 Lessee shall make no Lessee's Improvements without having first received the written consent of Lessor which Lessor may withhold in Lessor's sole and absolute discretion. Any approved alterations, modifications or additions shall be accomplished by Lessee at its sole cost and expense. Any changes to utility facilities shall be strictly limited to the Premises and shall be undertaken by Lessee at its sole cost and expense, and only with the written permission of Lessor.

7.2.6 In addition to the security deposit and any other payment or performance required under this Agreement, Lessee shall within two weeks following Lessor's approval of any Lessee's Improvements and prior to any construction work by Lessee at the Premises provide to Lessor a performance bond or unconditional and irrevocable letter of credit in form acceptable to Lessor and payable to Lessor alone, in an amount equal to the full contract amounts payable directly or indirectly to all persons for the construction work, to insure timely completion of all work and for the complete protection of Lessor and the Premises from the claims of any person supplying labor or materials or performing any construction, alteration or repair work at the Premises or any services in connection therewith. Lessee shall timely pay for all such labor, materials, work and all professional and other services related thereto and shall pay, indemnify, defend and hold harmless Lessor against all such claims. Without limitation, the performance and payment bonds to be posted with Lessor shall be in form and substance acceptable to Lessor, and issued by a person acceptable to Lessor and shall also at a minimum meet the requirements of A.R.S. §§ 34-222 and -223, and other applicable laws. All bonds shall be accompanied by or shall include a statement by the issuer to Lessor to the effect that the bond is intended by the issuer to provide to Lessor at a minimum the protection described herein. Lessee shall deliver directly to Lessor's legal department (together with a copy to Lessor as provided for notices under this Agreement) a full and complete draft form of bond at least twenty-one (21) days prior to the date the actual bond is required. All requirements of this paragraph apply to letters of credit and any other form of assurance provided pursuant to this paragraph. In lieu of any bond required, Lessee may provide a clean, unconditional, irrevocable letter of credit in the bond amount issued by a federally insured financial institution with offices in Maricopa County, Arizona. The letter of credit must be payable to Lessor upon demand and must also meet all other requirements of this paragraph. The letter of credit must have an expiration date at least sixty (60) days after the time provided herein for completion of the construction. Any replacement letter of credit must be delivered to Lessor at least thirty (30) days before expiration of the letter of credit being replaced.

7.2.7 All Lessee's Improvements shall be contained entirely within the Premises and without any encroachment or dependence upon any other property.

7.2.8 Any and all construction work performed on the Premises by Lessee shall be performed in a workman-like manner as reasonably determined by Lessor and shall be diligently pursued to completion and in conformance with all building codes and similar rules. All Lessee's permanent improvements affixed to the Premises shall be and become part of the realty and the real property of Lessor "brick by brick" as constructed. In any event, the Premises must be left in as good or better condition as it may be on the date of this Agreement, or such better condition as the Premises may hereafter be placed.

7.2.9 All work shall be done strictly at Lessee's expense and paid for by Lessee. In no event, including without limitation termination of this Agreement for any reason, shall Lessor be obligated to compensate Lessee in any manner for any of Lessee's Improvements or other work provided by Lessee during or related to this Agreement.

7.2.10 Lessee acknowledges that as of the date of this Agreement, Lessor has not approved or promised to approve any plans for Lessee's Improvements.

7.3 Maintenance by Lessor. Lessor shall perform at Lessor's expense indoor janitorial service for the common areas of the Terminal Building and exterior landscaping and sweeping of parking areas. Lessee shall pay to Lessor an amount reasonably determined by Lessor to be the costs of the foregoing incurred because of unpermitted or improper actions of Lessee or its agents, customers, or other guests. Lessor shall also be responsible to maintain the structural integrity of the Premises, exterior windows, exterior doors, roof, exterior walls, sewers, air conditioning, heating and plumbing within or serving the Premises.

7.4 Maintenance by Lessee. Lessee shall at all times repair and maintain the Premises at Lessee's sole expense in a first-class, sound, clean and attractive manner, as determined in Lessor's reasonable discretion. Without limitation, Lessee shall be responsible for the following:

7.4.1 Janitor and all other cleaning service in the Premises.

7.4.2 Cleanup of any spills or other debris or damage to the Premises or to nearby areas of the airport caused by Lessee or its agents and customers or others claiming under Lessee including, without limitation, spills, debris and damage.

7.4.3 Adequate and sanitary handling and disposal, away from the Premises and the airport, of all trash, garbage and other refuse related to Lessee's use of the Premises. Without limitation, Lessee shall provide and use suitable covered receptacles for all trash and other refuse related to Lessee's use of the Premises. Piling of boxes, cartons, barrels or other items outside the Premises or in a manner visible from outside the Premises or in a manner visible to areas open to the public is prohibited. The area in which trash containers are stored shall be kept clean and free of all trash and debris and shall be shielded from public view. Unless requested by Lessor from time to time, Lessee may use large metal dumpsters Lessor may provide. Lessee acknowledges that the dumpster currently located near the Terminal Building will likely be relocated from time to time to other locations in the general vicinity of the Terminal Building.

7.4.4 All other repairs and maintenance of the Premises not specifically required hereunder to be performed by Lessor.

7.5 Lessor's Fixtures and Personality. Lessee shall not remove, alter or damage in any way any improvements or any personal property of Lessor upon the Premises without Lessor's prior written approval. In all cases, Lessee will repair any damage or other alteration to Lessor's property to as good or better condition than existed before the damage or alteration.

XIII. BREACH

8. Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

8.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

8.1.1 If Lessee shall be in arrears in the payment of Rent and shall not cure such arrearage within ten (10) days after Lessor has notified Lessee in writing of such arrearage.

8.1.2 If Lessee shall fail to maintain the Premises as required in this Agreement.

8.1.3 If Lessee shall fail to operate the facilities herein required for a period of three (3) consecutive days or a total of five (5) days within any calendar year.

8.1.4 If any assignment of any of Lessee's property shall be made for the benefit of creditors.

8.1.5 If any representation or warranty made by Lessee in connection with this Agreement or the negotiations leading to this Agreement shall prove to have been false in any material respect when made.

8.1.6 If Lessee shall fail to observe and comply with all bidding requirements of Lessor with respect to this Agreement and with all performances promised by Lessee with respect to Lessee's bid submitted in connection therewith.

8.1.7 If Lessee shall fail to timely pay any taxes or other amounts herein required to be paid by Lessee to Lessor or to any other person.

8.1.8 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals from Lessor or any other governmental body or timely pay any taxes with respect to this Agreement, the Premises or Lessee's use of the Premises.

8.1.9 If any environmental, health or similar inspector issues any formal notice of investigation or violation of health, environmental or similar regulations in connection with Lessee's use of the Premises or determines during any two or more consecutive inspections that the same deficiency has been repeated or that the overall operation falls materially below standards for first rate well operated similar facilities in Maricopa County.

8.1.10 If Lessee does not complete construction of any of Lessee's Improvements within the times required by this Agreement.

8.1.11 If the issuer of any guaranty, letter of credit, bond, insurance policy or similar instrument shall fail for any reason to timely and fully honor any request by Lessor for funds or other performance under the instrument within ten (10) days after such request.

8.1.12 If Lessee shall engage in a pattern of repeated failure (or neglect) to timely do or perform or observe any provision contained herein. Three (3) or more failures to comply with any provision of this Agreement during any twelve (12) month period constitutes a repeated failure by Lessee to comply with such provision.

8.1.13 If Lessee shall fail to or neglect to do or perform or observe any other provisions contained herein on its part to be kept or performed and such failure or neglect to do or perform or observe any of such other provisions shall continue for a period of thirty (30) days after Lessor has notified Lessee in writing of Lessee's default hereunder.

8.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, without further demand or notice, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

8.2.1 Terminate this Agreement.

8.2.2 Enter into and upon the Premises or any part thereof, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

8.2.3 Enforce a lien (which is hereby granted to Lessor) upon Lessee's property now or at any time hereafter at the Premises securing all of Lessee's obligations hereunder.

8.2.4 Cause a receiver to be appointed for the Premises and for the continuing operation of Lessee's business thereon.

8.2.5 Pay or perform, for Lessee's account and at Lessee's expense, any or all payments or performances required hereunder to be paid or performed by Lessee.

8.2.6 Abate at Lessee's expense any violation of this Agreement.

8.2.7 Pursue at Lessee's expense any and all other remedies, legal or equitable, to which Lessor may be entitled.

8.2.8 Refuse without any liability to Lessee therefore to perform any obligation imposed on Lessor by this Agreement.

8.2.9 Be excused from further performance under this Agreement.

8.2.10 Notwithstanding anything in this Agreement to the contrary, unilaterally and without Lessee's or any other person's consent or approval, draw upon, withdraw or otherwise realize upon or obtain the value of any letter of credit, escrowed funds, insurance policies, or other deposits, sureties, bonds or other funds or security held by Lessor or pledged or otherwise obligated to Lessor by Lessee or by any third party (whether or not specifically mentioned herein) and use the proceeds for any remedy permitted by this Agreement.

8.2.11 Insist upon Lessee's full and faithful performance under this Agreement

and upon Lessee's full and timely payment of all Rent during the entire remaining term of this Agreement.

8.2.12 Assert or exercise any other right or remedy permitted by law.

8.3 Notice of Breach. Lessee shall promptly give notice to Lessor of any event or circumstance that is (or with the passing of time or the giving of notice or both will become) an Event of Default under this Agreement.

8.4 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or otherwise prevent Lessor from declaring a default for any breach or succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or paragraph) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS PARAGRAPH.

8.5 Reimbursement of Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

8.6 Inspection. Lessor shall have access to the Premises at all times upon reasonable prior notice (except, in the event of an emergency, without notice) for the purpose of examining, inspecting, evaluating, planning, repairing, designing, maintaining or showing the Premises or exercising Lessor's other rights hereunder. Lessee shall promptly undertake appropriate action to rectify any deficiency (identified by Lessor during such inspections or otherwise) in Lessee's compliance with this Agreement. This paragraph does not limit Lessor's other rights of access to the Premises elsewhere in this Agreement or otherwise.

8.7 Default by Lessor. Notwithstanding anything in this Agreement to the contrary, if the event Lessor at any time is required to pay to Lessee any amount or render any performance, such amount or performance is not due until thirty (30) days after notice by Lessee to Lessor that the amount has become payable or that the performance is due. If a cure cannot be effected during that period, Lessor shall not be in default so long as Lessor commences cure during the period and diligently prosecutes the cure to completion provided such cure must be completed within sixty (60) days after it is due.

IX. TERMINATION

9. Rights at Termination. The following provisions shall apply upon expiration or other termination of this Agreement at any time for any reason:

9.1 Surviving Obligations. Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or events leading to or occurring before termination shall survive and not terminate.

9.2 Delivery of Possession. Lessee shall, without demand, peaceably and quietly quit and deliver up the Premises to Lessor thoroughly cleaned, in good repair, maintained and repaired and in as good order and condition, reasonable use and wear excepted, as the same now are or in such better condition as the Premises may hereafter be placed by Lessee or Lessor.

9.3 Confirmation of Termination. Lessee shall provide to Lessor upon demand quit claim deeds covering the Premises executed by Lessee and by all persons who claim that they have received from or through Lessee any interest in or right to use the Premises or any interest in Lessee's rights under this Agreement.

9.4 Fixtures and Improvements. If the same has not occurred earlier, title to any and all fixtures and structural or permanent improvements placed upon the Premises by Lessee together with all irrigation equipment, walkways, sockets, railings, and all other equipment and personal property of every description attached or affixed to the Premises shall automatically vest in Lessor without any payment by Lessor or any compensation to Lessee and without requirement of any deed, conveyance, or bill of sale. The preceding sentence does not apply to other personal property that is not physically attached in any way to the Premises. However, if Lessor shall request any documents in confirmation thereof, Lessee shall promptly execute, acknowledge and deliver the same. Lessee shall assign and deliver to Lessor all operating manuals, warranties and similar materials pertaining to all personal property transferred to Lessor. Further, Lessee shall at its own expense, but only to the extent requested by Lessor in writing, remove and dispose of any said property and any fixtures and structural or permanent improvements placed upon the Premises by Lessee and completely repair the Premises to match adjacent finishes. Lessor may, in the exercise of its sole and absolute discretion, consider any Lessee property remaining on or about the Premises after the time for removal, abandoned and subject to removal, storage and disposal by Lessor at Lessee's expense and without compensation or accounting.

X. INDEMNITY AND INSURANCE

10. Indemnity and Insurance. During the entire term of this Agreement, Lessee shall insure the Premises and all property and activities at and about the Premises and provide indemnification as follows:

10.1 Insurance Required. Prior to entering, occupying or using the Premises in any way (and in any event, commencing not later than five (5) days after the date of this Agreement) and at all times thereafter, Lessee shall obtain and cause to be in force and effect the following insurance:

10.1.1 Commercial General Liability. Commercial general liability insurance with a limit of One Million Dollars (\$1,000,000) for each occurrence and a limit of Two Million Dollars

(\$2,000,000) general aggregate limit per policy year. The policy shall cover liability arising from Premises, operations, independent contractors, products, completed operations, personal injury, bodily injury, advertising injury, and liability assumed under an "insured contract" including this Agreement. The policy will cover Lessee's liability under the indemnity provisions of this Agreement. The policy shall contain a "separation of insureds" clause.

10.1.2 Automobile Liability. Automobile liability insurance with a combined single limit of One Million Dollars (\$1,000,000) for each accident covering any and all owned, hired, and non-owned vehicles assigned to or used in any way in connection with Lessee's use of the Premises. Without limitation, such insurance shall cover hazards of motor vehicle use for loading and off loading.

10.1.3 Workers' Compensation. Such workers' compensation and similar insurance as is required by law and employer's liability insurance with a minimum limit of One Hundred Thousand Dollars (\$100,000) for each accident, One Hundred Thousand Dollars (\$100,000) disease for each employee, Five Hundred Thousand Dollars (\$500,000) policy limit for disease. All contractors and subcontractors must provide like insurance.

10.1.4 Personal Property. Lessee shall maintain special causes of loss personal property coverage, as defined by Insurance Services Office, Inc., in an amount per occurrence equal to full replacement cost of all personal property used in connection with the Premises.

10.1.5 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers and agents (all of whom, including Lessor, are collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises.

10.1.6 Limit and Other Adjustments. Lessor may elect by notice to Lessee to increase the amount or type of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent type or amount of insurance to be provided.

10.2 Form of All Insurance. All insurance provided by Lessee with respect to the Premises, whether required by this Agreement or not, and all insurance provided by third parties under this Agreement, shall meet the following requirements:

10.2.1 "Occurrence" coverage is required. "Claims made" insurance is not permitted.

10.2.2 If Lessee uses any excess insurance then such excess insurance shall be "follow form" equal to or broader in coverage than the underlying insurance.

10.2.3 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted away from the Premises.

10.2.4 Lessee must clearly show by providing copies of insurance policies, certificates, formal endorsements or other documentation acceptable to Lessor that all insurance coverage required by this Agreement is provided.

10.2.5 Lessee's insurance shall be primary insurance.

10.2.6 All policies, including workers' compensation, shall waive transfer rights of recovery (subrogation) against Lessor, and the other Additional Insureds.

10.2.7 No deductibles, retentions, or "self insured" amounts shall exceed One Hundred Thousand Dollars (\$100,000.00) in the aggregate per year, per policy. Lessee shall be solely responsible for any self-insurance amount or deductible.

10.2.8 No deductible shall be applicable to coverage provided to Lessor.

10.2.9 Lessor may require Lessee from time to time to secure payment of any deductible or self-insured retention by a surety bond or by a clean, irrevocable and unconditional letter of credit in content and form satisfactory to the city attorney's office.

10.2.10 All policies shall contain provisions that neither Lessee's breach of a policy requirement or warranty, nor inadvertent failure to follow claims reporting procedures, shall affect coverage provided to Lessor.

10.2.11 All policies except workers' compensation must cover Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement.

10.2.12 All applicable policies must name Lessor as a loss payee as respects proceeds relating to the Premises.

10.2.13 All policies must be endorsed to provide Lessor with at least thirty (30) days prior notice of cancellation or ten (10) days prior notice of cancellation for non-payment of premiums.

10.2.14 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

10.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor the Standard ACORD certificate of insurance annually and with each change in insurance coverage. The Certificate must evidence that the policy described by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, the certificate must evidence that Lessor and the other Additional Insureds are additional insureds and that insurance proceeds will be paid as required by this Agreement. Certificates must be in a form acceptable to Lessor. All certificates are in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

10.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++6.

10.5 Lessor's Election to Provide Insurance. Lessor is not required to carry any

insurance covering or affecting the Premises or use of Lessor's property related to this Agreement. Lessor may elect to acquire all or any part of the insurance required by this Agreement (with or without any other real property Lessor may own, or control) and Lessee shall pay to Lessor the costs of such insurance as reasonably determined by Lessor. Lessee shall provide all required insurance not so provided by Lessor. Any insurance or self insurance maintained by Lessor shall not contribute to Lessee's insurance.

10.6 Insurance Proceeds. All insurance proceeds (whether actually paid before or after termination of this Agreement) shall be paid to Lessee and Lessor jointly and shall be allocated among Lessor, Lessee and other interested parties as their interests may appear.

10.7 No Representation of Coverage Adequacy. By requiring insurance herein, Lessor does not represent that coverage and limits will be adequate to protect Lessee. Lessor reserves the right to review any and all of the insurance policies and/or endorsements cited in this Agreement, but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Lessee from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times.

10.8 Use of Subcontractors. If Lessee subcontracts or otherwise delegates any work or use of the Premises under this Agreement, Lessee shall cause the delegatee to execute and provide to Lessor a writing executed by the delegatee containing the same indemnification clauses and insurance requirements set forth herein protecting Lessor and Lessee.

10.9 Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this paragraph are completely resolved, Lessee (and all other persons using, acting, working or claiming through or for Lessee or this Agreement (if they or their subcontractor, employee or other person or entity hired or directed by them participated in any way in causing the claim in question)) shall jointly and severally indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises or this Agreement (the "Indemnity"). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use, financial harm, or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings and all other costs and expenses of litigation or resolving the claim) that may arise in any manner out of any use of the Premises or other property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including without limitation any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. As a condition to Lessor's executing this Agreement, Lessee specifically agrees that to the extent any provision of this paragraph is not fully enforceable against Lessee for

any reason whatsoever, this paragraph shall be deemed automatically reformed to the minimal extent necessary to cause it to be enforceable to the fullest extent permitted by law. The Indemnity shall also include and apply to any environmental injury, personal injury or other liability relating to Lessor's or Lessee's acquisition, lessorship or use of real property developed, operated, owned, used, controlled or possessed by Lessor or Lessee under this Agreement. Notwithstanding the foregoing, the Indemnity does not apply to:

10.9.1 Claims arising only from the sole gross negligence of Lessor.

10.9.2 Claims that the law prohibits from being imposed upon the indemnitor.

10.10 Risk of Loss. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessee shall be responsible for any and all damage to its property and equipment related to this Agreement and shall hold harmless and indemnify Lessor and all other Additional Insureds, regardless of the cause of such damages.

10.11 Indemnities and Insurance Cumulative. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. The amount and type of insurance coverage required by this Agreement will in no way be construed as limiting the scope of the indemnities or other requirements of this Agreement.

10.12 Insurance to be Provided by Others. Lessee shall cause its contractors or other persons occupying, working on or about, or using the Premises pursuant to this Agreement to be covered by their own or Lessee's insurance meeting the requirements of this Agreement. The preceding sentence does not require such persons to provide insurance that merely duplicates insurance Lessee provides.

XI. CONDEMNATION

11. Condemnation. If any part of the Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, and in the event that such taking or condemnation shall render the Premises unsuitable for use as a rental car concession, then the term of this Agreement shall cease and terminate as of the date of taking of possession in such proceeding and Lessee shall have no claim for the value of any unexpired term of this Agreement.

In the event of such an acquisition, Lessor shall pay to Lessee separate and apart from any condemnation action an amount equal to the lesser of i) the actual original cost of Lessee's Improvements acquired less depreciation on a straight line basis from the time of construction of Lessee's Improvements so acquired through the remaining original term of this Agreement, or ii) if Lessor is not the condemnor, the net amount actually received by Lessor with respect to such Lessee's Improvements. In the event of a partial taking or condemnation which is not extensive enough to render the Premises unsuitable for use as a rental car concession, Lessor shall promptly restore the Premises to a condition comparable to its condition at the time of such condemnation less the portion lost in the taking, this Agreement shall continue in full force and effect, and the Base Rent (but not the Percentage Rent) shall be reduced in proportion to the gross rentable area of the Premises so taken. In the event of any taking or condemnation,

Lessee shall not be entitled to any part of the award, as damages or otherwise. Lessor is entitled to receive the full amount of the award or other payment and Lessee hereby waives any right thereto. Nothing in this paragraph shall be construed to permit the abatement in whole or in part of the Percentage Rent.

XII. DAMAGE TO OR DESTRUCTION OF PREMISES

12. Damage to or Destruction of Premises. If the Premises are partially damaged by fire, explosion, the elements, the public enemy, or other casualty, but not rendered untenable, and provided that such damage is not caused by the act or omission of Lessee or its officers, employees, representatives, agents or customers, any such damage shall be repaired with due diligence by Lessor at its own cost and expense, and there shall be no reduction of Rent. If such damage shall be so extensive as to render the Premises untenable, but capable of being repaired in ninety (90) days, the same shall be repaired with due diligence by Lessor at its own cost and expense, and the Rent payable herein shall be proportionately paid up to the time of such damage and thereafter cease until such time as the Premises are restored. In the event the Premises are completely destroyed by fire, explosion, the elements, the public enemy or other casualty; or so damaged that they will remain untenable for more than ninety (90) days, Lessor shall be under no obligation to repair and reconstruct the Premises, and Rent payable hereunder shall be proportionately paid up to the time of such damage or destruction, and shall thenceforth cease until such time as the Premises may be fully restored. If within twelve (12) months after the time of such damage or destruction said Premises shall not have been repaired or reconstructed, Lessee may give Lessor written notice of its intention to cancel this Agreement in its entirety as of the date of such damage or destruction. Notwithstanding all of the foregoing provisions, all repairs required of Lessor shall be limited to the building structure, roof and outer walls. Repairs to finished improvements including, but not limited to, decorations, furnishings, floor and wall coverings, fixtures and equipment, shall be accomplished by Lessee at its cost and expense within ninety (90) days of the completion of Lessor's restoration of the Premises. Nothing in this paragraph shall be construed to permit the abatement in whole or in part of the Percentage Rent.

XIII. LESSEE'S RECORDS

13. Lessee's Financial Records. During the entire term of this Agreement, Lessee shall keep records and provide information to Lessor as follows:

13.1 Scope of Information. Unless otherwise specified, all of Lessee's recordkeeping and disclosure obligations under this article include and are limited to the following cumulative topics as reasonably determined by Lessor (collectively the "Covered Information"):

13.1.1 All information about this Agreement.

13.1.2 All information about Lessor's and Lessee's rights, obligations and performances under this Agreement.

13.2 Reports. Lessee shall deliver to Lessor written reports (and, if requested by Lessor, a presentation to Lessor's governing council or designee) covering such Covered Information as Lessor may request from time to time.

13.3 Records Inspection. At Lessee's expense, Lessee shall:

13.3.2 Permit and assist Lessor and its representatives at all reasonable times to inspect, audit, and copy Lessee's records of Covered Information.

13.3.3 Make the records of Covered Information (and reasonable accommodations for Lessor's audit and inspection) available to Lessor at Lessee's offices in the City of Scottsdale in Maricopa County, Arizona or at another location requested by Lessor within the corporate limits of the City of Scottsdale.

13.3.4 Cause Lessee's employees and agents and accountants to give their full cooperation and assistance in connection with Lessor access to the Covered Information.

13.4 Standards for Records. Lessee shall maintain a standard, modern system of recordkeeping for the Covered Information and shall keep and maintain proper and accurate books and other repositories of information relating to the Covered Information in accordance with generally accepted accounting principles applied on a consistent basis. If Lessor does not receive Covered Information, Lessor shall have the right to estimate the information that is not provided, which estimate shall be binding upon Lessee.

13.5 Record Retention. Lessee shall preserve records of the Covered Information in a secure place within the City of Scottsdale, Maricopa County, Arizona for a period ending seven (7) years after the time period reported by the records.

13.6 Record Media Included. Lessor's and Lessee's rights and obligations regarding the Covered Information encompass media, materials, and data repositories of every kind and character that may contain Covered Information. Such repositories include, without limitation, records, books, papers, documents, subscriptions, recordings, agreements, purchase orders, computer data, invoices, cash register tapes, contracts, logs, accounts, commitments, arrangements, notes, diaries, ledgers, correspondence, reports, drawings, receipts, vouchers and memoranda, and any and all other sources, records and repositories of Covered Information.

13.7 Access after Termination. Lessee's access to Covered Information shall continue for six (6) years after termination of this Agreement for any reason.

13.8 Costs of Audit. If an audit, inspection or examination discloses underpayments (or other matters adjusted in favor of Lessor) of any nature that exceed three percent (3%) of any payments or single payment, Lessee shall pay to Lessor Lessor's actual cost (based on the amount paid by Lessor, or based on reasonable charges charged by private auditors and other service providers for comparable work if the audit is performed by Lessor's employees) of the audit, inspection or examination, together with late fees, interest, and other amounts payable in connection with such adjustments or payments. Any adjustments and/or payments due as a result of any such audit, inspection or examination shall be made within a reasonable amount of time (not to exceed thirty (30) days) after Lessor gives to Lessee notice of Lessor's findings.

XIV. COMPLIANCE WITH LAW

14. Compliance with Law. Lessee shall perform its obligations under this Agreement in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended. Without limiting in any way the generality of the foregoing, Lessee shall comply with all and each of the following:

14.1 Applicability of Municipal Law. Without limitation, Lessee shall comply with municipal laws as follows:

14.1.1 Lessee acknowledges that this Agreement does not constitute, and Lessor has not promised or offered, any type of waiver of, or agreement to waive (or show any type of forbearance, priority or favoritism to Lessee with regard to) any law, ordinance, power, regulation, tax, assessment or other legal requirement now or hereafter imposed by the City of Scottsdale or any other governmental body upon or affecting Lessee or the Premises, or Lessee's use of the Premises.

14.1.2 All of Lessee's obligations hereunder are in addition to, and cumulative upon (and not to any extent in substitution or satisfaction of), all existing or future laws and regulations applicable to Lessee.

14.1.3 In the case of an ordinance or other law of the City of Scottsdale authorizing a credit, reduction in tax or amount charged or assessed, or any other benefit as a result of performances rendered under this Agreement, Lessee expressly waives, relinquishes and repudiates all such benefits with respect to performances rendered under this Agreement.

14.1.4 This Agreement is not intended to diminish any performances that would be required of Lessee by law if this Agreement had been made between Lessee and a private citizen.

14.1.5 Lessor has not relinquished or limited any right of condemnation or eminent domain over the Premises or any other property related to this Agreement.

14.1.6 This Agreement does not impair City of Scottsdale's power to enact, apply or enforce any laws or regulations, or exercise any governmental powers affecting in any way Lessee or the Premises.

14.1.7 Lessor's rights and remedies hereunder for Lessee's failure to comply with all applicable laws supplement and are in addition to and do not replace otherwise existing powers of the City of Scottsdale or any other governmental body.

14.2 Taxes, Liens and Assessments. In addition to all other Rent herein provided, Lessee shall pay, when due and as the same become due and payable all taxes and general and special fees, charges and assessments of every description which during the term of this Agreement may be levied upon or assessed against the Premises, the operations conducted therein, any Rent paid or other performances under this Agreement by either party, and all possessory interest in the Premises and improvements and other property thereon, whether belonging to the Lessor or Lessee; and Lessee agrees to indemnify, defend and hold harmless Lessor and the Premises and such property and all interest therein and improvements thereon from any and all such taxes and assessments, including any interest, penalties and other expenses that may be imposed, and from any lien therefor or sale or other proceedings to enforce payment thereof. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessor shall have the right from time to time to require that all of the foregoing payments be made by Lessee through Lessor. Lessee shall pay all sales, transaction privilege, and similar taxes.

14.3 Government Property Lease Excise Tax. Lessee shall be responsible for any and all property taxes and all government property lease excise taxes described in A.R.S. § 42-6201 *et seq.* or similar laws in force from time to time. Pursuant to A.R.S. § 42-6206, failure by Lessee to pay the taxes after notice and an opportunity to cure is an event of default that could result in divesting Lessee of any interest in or right of occupancy of the Premises.

14.4 Building Permits. If applicable, Lessee shall obtain at its own expense all building or other permits in connection with all construction performed by Lessee and shall comply with all zoning, building safety, fire and similar laws and procedures of every description.

14.5 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the Airport, including the Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith.

14.6 Airport Minimum Operating Standards. Lessee shall apply for and obtain an aeronautical business permit for on-airport rental car concession services in accordance with the Airport Minimum Operating Standards, as described on Exhibit "C" attached hereto and made a part hereof. Lessee shall at all times comply with, and pay all fees due under, the Airport Minimum Operating Standards, as the same may be amended from time to time.

14.7 Aviation Regulations. Lessee shall comply with any and all rules, regulations, laws, ordinances, statutes or orders of the FAA and any other governmental authority, whether Federal, State, County, or Lessor, lawfully exercising authority over the Airport.

14.8 Liability and Indemnity. Lessee shall be liable to Lessor, and shall pay, indemnify, defend and hold harmless Lessor against, any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon Lessor, including attorneys fees, arising from any violation of law caused directly or indirectly by act, omission, negligence, abuse or carelessness on the part of Lessee, its employees, agents, customers, visitors, suppliers, or invitees. Without limitation, the preceding sentence requires the payment by Lessee of any fines or penalties for any breach of security arising from the unauthorized entry of any of the aforementioned persons or their vehicles onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport.

14.9 Grant Agreement Assurances. Lessee shall observe and comply with the following covenants and conditions:

14.9.1 No person shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises on the grounds of race, color, handicap, or national origin. No person shall be excluded on the grounds of race, color, handicap, or national origin from participation in, denied the benefits of, or otherwise be subject to discrimination in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon.

14.9.2 Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as

said Regulations may be amended.

14.9.3 Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchases.

14.9.4 Lessee agrees that it shall insert this subparagraph and all of the other provisions of this paragraph titled "Grant Agreement Assurances" in any agreement, lease, contract, etc. by which Lessee grants a right or privilege to any persons, firm or corporation to render accommodations and/or services to the public on the Premises together with a provision that the "Grant Agreement Assurances" shall constitute a material breach thereof, and in the event of such non-compliance Lessor shall have the right to terminate the agreement and the estate thereby created without liability therefore. Either or both Lessor or the United States shall have the right to enforce the "Grant Agreement Assurances."

14.10 Federal Agreements. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the Lessor and the United States, relative to the development, operation or maintenance of the Airport.

14.11 Construction Regulations. Lessee shall comply with the notification and review requirements covered on Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

14.12 War or National Emergency. This Agreement shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

14.13 Affirmative Action. Lessee assures that it will undertake an affirmative action program if and as required by 14 CFR, Part 152, subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to Lessor that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as and if required by 14 CFR, Part 152, Subpart E, to the same effect.

XV. ASSIGNABILITY

15. Assignability. This Agreement is not assignable by Lessee except in strict compliance with the following:

15.1 Assignments Prohibited. References in this Agreement to assignments or subleases by Lessee shall be deemed to apply to all of the following transactions, circumstances and conditions:

15.1.1 Any voluntary or involuntary assignment, conveyance, or transfer of the Premises or any interest therein or any rights under this Agreement, in whole or in part.

15.1.2 Any voluntary or involuntary pledge, lien, mortgage, security interest, judgment, deed of trust, claim or demand, whether arising from any contract, any agreement, any work of construction, repair, restoration, maintenance or removal, or otherwise affecting the Premises (collectively "Liens").

15.1.3 The use, occupation, management, control or operation of the Premises or any part thereof by others.

15.1.4 Any transaction (or series of related or unrelated transactions) transferring a substantial part of the corporate stock (or other evidence of ownership, as applicable) or any other direct or indirect transfer of any substantial part of the ownership, management or control of Lessee or the Premises.

15.1.5 Any assignment for the benefit of creditors, voluntary or involuntary.

15.1.6 Any bankruptcy or reorganization.

15.1.7 The occurrence of any of the foregoing by operation of law.

15.2 Assignment Remedies. Any prohibited assignment shall be void and vest no rights in the assignee. Nevertheless, Lessor may, in its sole discretion and in addition to all other remedies available to Lessor under this Agreement or otherwise and in any combination, collect Rent from the assignee, sublessee or occupant and apply the net amount collected to the Rent required to be paid thereunder and/or void the assignment, all without prejudicing any other right or remedy of Lessor under this Agreement. No cure or grace periods shall apply to assignments prohibited by this Agreement or to enforcement of this Agreement against an assignee who did not receive Lessor's consent. Lessor may elect to increase Rent as a condition to consenting to an assignment.

15.3 No Waiver. No consent or collection or other action or inaction by Lessor shall be deemed a waiver of the prohibition on assignments or any other provision of this Agreement, or the acceptance of the assignee, sublessee or occupant as Lessee, or a release of Lessee from the further performance by Lessee of the provisions of this Agreement. The consent by Lessor to an assignment or subletting shall not relieve Lessee from obtaining the consent in writing of Lessor to any further assignment or sublease. Upon assigning, transferring or subletting the Premises, Lessee shall not be released of any liability hereunder but shall remain fully and personally obligated under this Agreement.

15.4 Enforceability after Assignment. This Agreement shall be enforceable personally and in total against Lessee and each successor, partial or total, and regardless of the method of succession, to Lessee's interest hereunder. Each successor having actual or constructive notice of this Agreement shall be deemed to have agreed to the preceding sentence.

15.5 Grounds for Refusal. No assignments of this Agreement are contemplated or bargained for. Lessor has the absolute right for any reason or for no reason in its sole discretion to give or withhold consent to any assignment or to impose any conditions upon any assignment.

Lessee shall pay to Lessor the sum of Five Hundred Dollars (\$500) for legal and administrative expenses related to any request for consent.

15.6 Form of Assignment. Any assignment shall be by agreement in form and content acceptable to Lessor. Without limitation, any assignment shall specify and require that each assignee acquiring any interest under this Agreement shall assume and be bound by, and be obligated to perform the terms and conditions of this Agreement, and that in the event Lessor terminates this Agreement because of default by Lessee, Lessor at Lessor's sole option may succeed to the position of Lessee as to any assignee of Lessee without liability for any prior breaches or performances by persons other than Lessor.

15.7 Lien Payment. Lessee shall pay all Liens as the same become due, and in any event before any judicial or non-judicial action or proceeding is commenced to enforce a Lien. Lessee shall pay, indemnify, defend and hold Lessor and the Premises free and harmless for, from and against any and all Liens, together with all liability, costs and expenses in connection therewith, including attorney's fees. Lessor shall have the right at any time to post and maintain on the Premises such notices, pay such amounts, file or record such notices, or take such other actions as Lessor may deem necessary to protect Lessor and its property interests against all Liens.

XVI. MISCELLANEOUS

16. Miscellaneous. The following additional provisions shall apply:

16.1 Amendments. This Agreement may not be amended except by a formal writing executed by the parties.

16.2 Limited Severability. In the event any term, condition, covenant, stipulation, agreement or provision herein contained is held to be invalid or unenforceable for any reason, the invalidity of such term, condition, covenant, stipulation, agreement or provision shall in no way affect any other term, condition, covenant, stipulation, agreement or provision herein contained. Further, this Agreement shall be deemed automatically reformed to secure to Lessor the legal, equitable, practical and other benefits of the provisions of this Agreement as written to the very maximum extent permitted by law.

16.3 Conflicts of Interest. No member, official or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement, that is prohibited by law.

16.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

16.5 Nonliability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any performance or amount that may become due to any party or successor, or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement.

16.6 Notices. Notices hereunder shall be given in writing personally served upon the other party or mailed by registered or certified mail, return receipt requested, postage prepaid addressed to:

If to Lessor: Scottsdale Aviation Director
15000 N. Airport Dr., Suite 200
Scottsdale, AZ 85260

Copy to: City of Scottsdale
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251
Attn: City Attorney

If to Lessee: Mr. Simon Ellis
The Hertz Corporation
225 Brae Boulevard
Park Ridge, NJ 07656

or to such other street address within Maricopa County, Arizona as may be designated by the respective parties in writing from time to time. Notices to Lessee may also be hand delivered to the Premises. In the event of any service by mail, as aforesaid, service shall be deemed to be complete three (3) business days after deposited in the United States mail.

16.7 Time of Essence. Time is of the essence of each and every provision of this Agreement. Any payments due on Saturday, Sunday or an Arizona legal holiday shall be due on the next succeeding day that is not a Saturday, Sunday or an Arizona legal holiday.

16.8 Funding. This subparagraph shall control notwithstanding any provision of this Agreement or any exhibit or other agreement or document related hereto. If funds necessary to fulfill Lessor's obligations under this Agreement are not appropriated by the Scottsdale City Council, Lessor may terminate this Agreement by thirty (30) days notice to Lessee. Termination in accordance with this provision shall not constitute a breach of this Agreement by Lessor. No person will be entitled to any compensation, damages or other remedy from Lessor if this Agreement is terminated pursuant to the terms of this subsection.

16.9 Paragraph Headings. The paragraph headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

16.10 Attorneys' Fees. In the event any action or suit or proceeding is brought by Lessor to collect the Rent due or to become due hereunder or any portion hereof or to take possession of the Premises or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement or to vindicate or exercise any of Lessor's rights or remedies hereunder, Lessee agrees to pay Lessor all costs of such action or suit and all expenses of such action or suit together with such sum as the Court may adjudge reasonable as attorneys' fees to be allowed in said suit, action or proceeding.

16.11 No Third Party Beneficiaries. Except as otherwise expressly provided, no person

or entity shall be a third party beneficiary to this Agreement or shall have any right or cause of action hereunder.

16.12 Exhibits. All exhibits attached hereto are incorporated into this Agreement by this reference.

16.13 Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreement, understanding, negotiation or representation regarding the Premises.

16.14 Further Assurances. Lessee agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as Lessor may reasonably require to consummate, evidence, confirm or carry out the agreement contained herein.

16.15 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement shall be construed according to its plain meaning and neither for nor against any party hereto. Lessee acknowledges that the Rent payable hereunder was negotiated in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

16.16 Survival of Liability. All obligations of Lessee hereunder and all warranties and indemnities of Lessee hereunder shall survive termination of this Agreement for any reason.

16.17 Choice of Law. This Agreement shall be governed by the internal laws of the State of Arizona without regard to choice of law rules. Lessor has not waived its claims procedures as respects this Agreement. Exclusive proper venue for any action regarding this Agreement shall be Maricopa County Superior Court. City and Lessee consent to personal jurisdiction in such court.

16.18 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for Lessee's benefit.

16.19 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the cancellation rights specified in A.R.S. § 38-511.

16.20 Recording. Within ten (10) days after the date of this Agreement, Lessor shall cause this Agreement to be recorded in the office of the Maricopa County Recorder.

EXECUTED as of the date first given above.

LESSEE: HERTZ CORPORATION, a New Jersey
corporation

By: _____

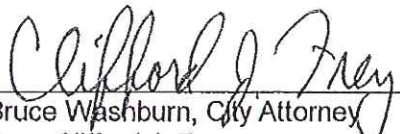
LESSOR: CITY OF SCOTTSDALE,
an Arizona municipal corporation

By: _____
W. J. "Jim" Lane, Mayor

ATTEST:

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:



Bruce Washburn, City Attorney
By: Clifford J. Frey
Senior Assistant City Attorney

Gary P. Mascaro, Aviation Director

Pauline Hecker, Risk Management Director

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____
2012, _____, _____ of Hertz Corporation, a New Jersey corporation.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by W. J. "Jim" Lane, Mayor of the City of Scottsdale, an Arizona municipal corporation.

Notary Public

My Commission Expires:

Airport Terminal Building Location

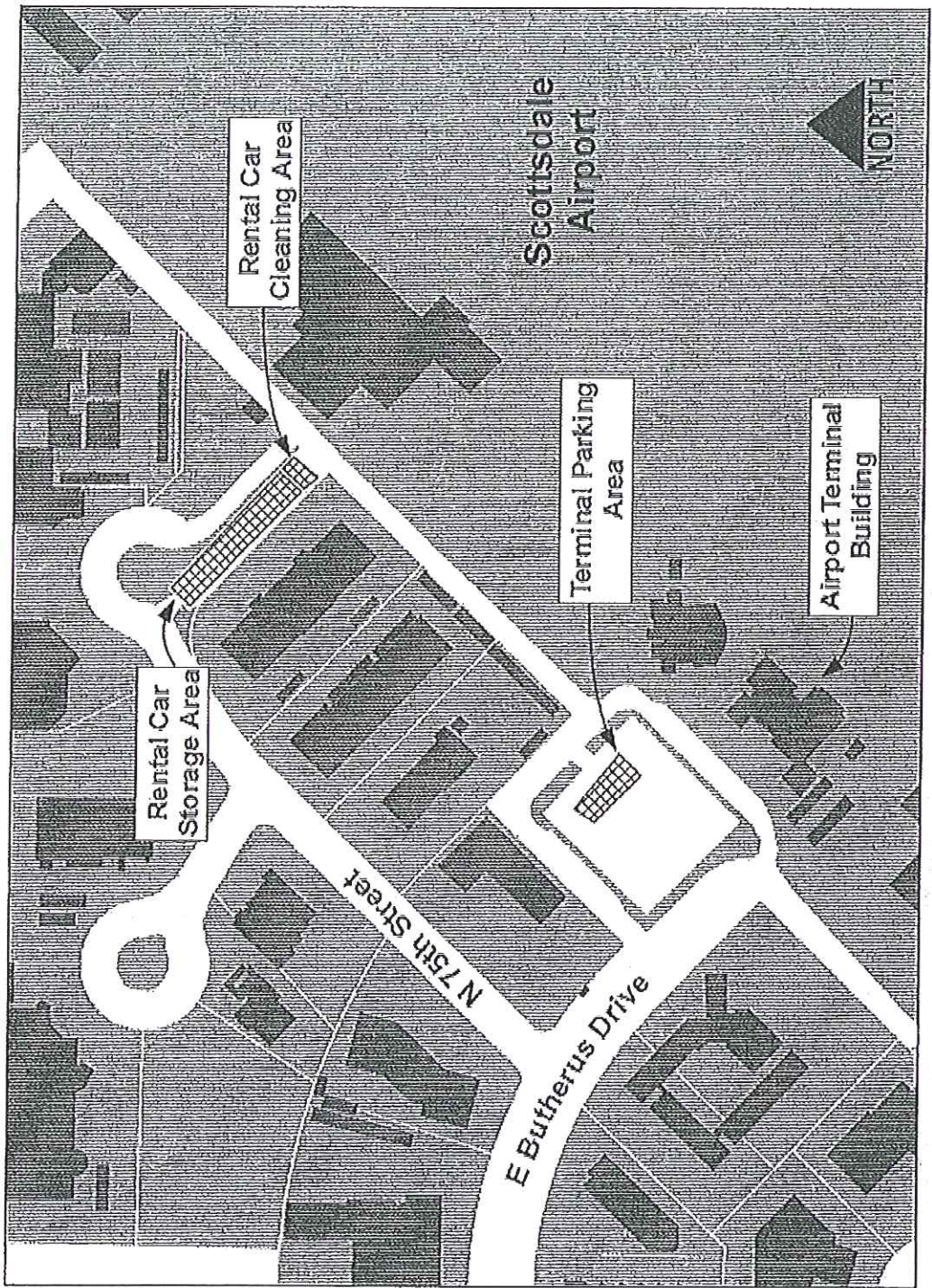


Exhibit "A"

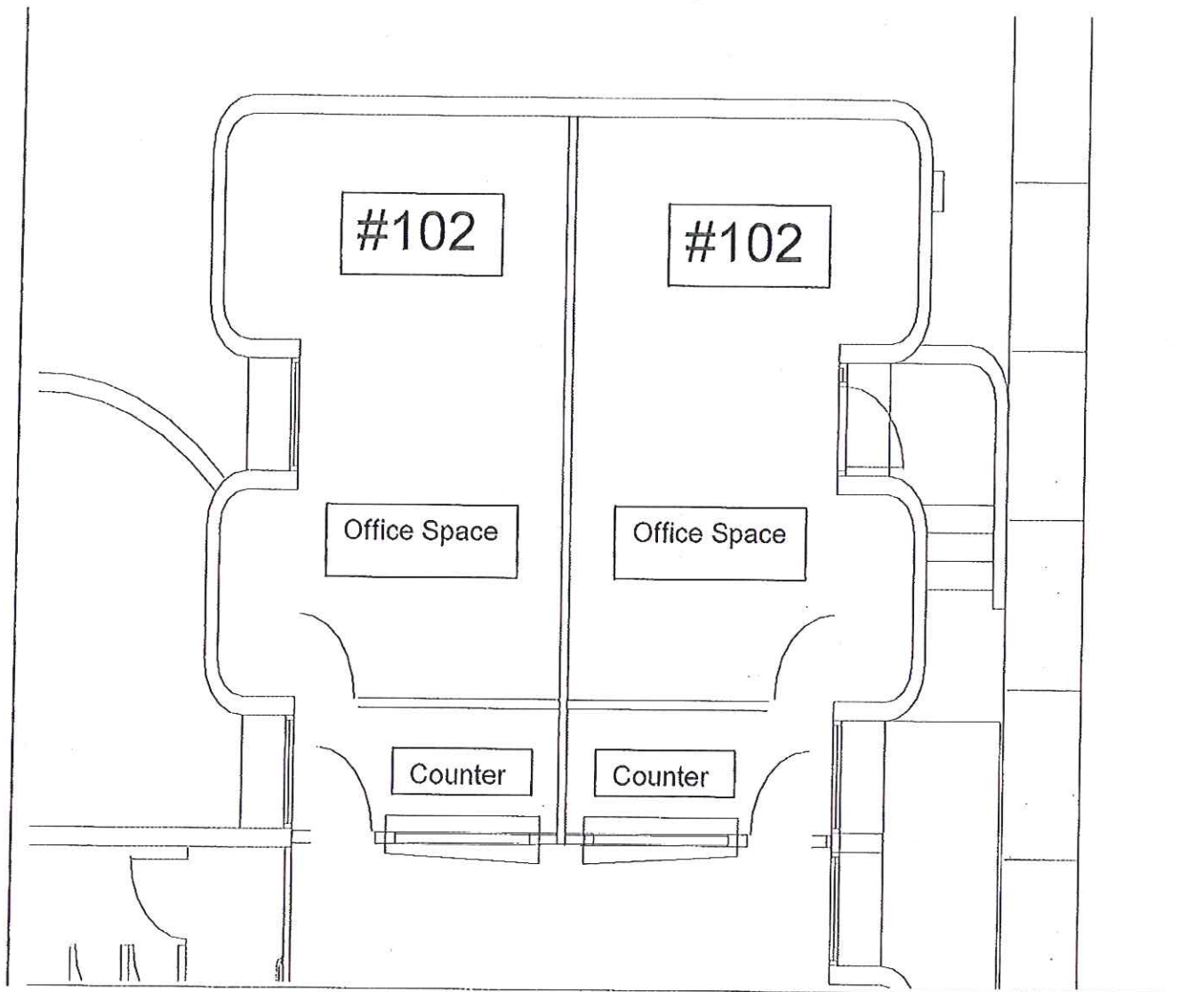


Exhibit "B"

Airport Minimum Operating Standards

Section 7-12. On-Airport Rental Car Concession Services.

An airport rental car concession services operator means a person providing rental car services to customers at the airport. An airport rental car concession services operator shall:

- (a) At all times maintain in effect the types and minimum amounts of insurance specified in article 4, for any of its activities at the airport that may be covered by such insurance.
- (b) Park rental cars landside, unless the car is being staged by an FBO for an arriving aircraft.
- (c) Wash all rental cars off-airport, unless the operator has lease rights to utilize the city-owned rental car storage and wash area.
- (d) Pay fees as prescribed by lease, license, permit or agreement. At a minimum, an operator located on-airport shall pay a monthly aeronautical business permit fee of eight (8) percent of gross income from the operator's sales of all services. Automobiles are considered rented at Scottsdale Airport (and, therefore included in gross income) if :
 - 1. The automobile is delivered to the customer at the airport; or
 - 2. The rental agreement is entered into at the airport even though the automobile is delivered elsewhere; or
 - 3. The automobile was reserved in advance at the airport by the customer or through an airline, FBO, or travel agent; or
 - 4. A vehicle rented at the airport is exchanged for another vehicle at any location within twenty-five (25) miles of the Scottsdale Airport for a time period running consecutively with the original rental agreement.

Exhibit "C"

WHEN RECORDED, RETURN TO:

City of Scottsdale
City Clerk
(Aviation Director)
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

Contract No. 2012-011-COS
Resolution No. 8961

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this ____ day of _____, 2012, by and between the CITY OF SCOTTSDALE, an Arizona municipal corporation ("Lessor"), and Enterprise Leasing Company of Phoenix, LLC, an Arizona limited liability company ("Lessee").

W I T N E S S E T H

A. City is the owner of certain real property (the "Premises") located within and adjacent to the existing terminal building (the "Terminal Building") at Scottsdale Airport (the "Airport"). The Terminal Building is located on a parcel of real property described on Exhibit "A" attached hereto and made a part hereof.

B. Lessor desires to lease the Premises to Lessee for an office, counter space, and automobile parking solely for the purpose of conducting normal retail operations of a rental car concession at the Airport (the "Permitted Uses"), subject to the requirements of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing, the rent hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1. Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2. Premises.

2.1 Limitations. The Premises are limited to the areas depicted in the drawing attached hereto as Exhibit "B." Lessee has examined, studied and inspected the Premises and they are being leased in an "as is" condition without any express or implied warranties of any kind, including without limitation any warranties or representations as to their condition or fitness for any use. Lessee will not be held responsible for any loss or liability resulting from pre-existing conditions not caused by Lessee or its invitees, nor any latent defects not reasonably detectable by an inspection of the Premises. The Premises includes and is limited to:

2.1.1 Approximately four hundred fifty (450) square feet of floor area and adjacent six (6) linear feet of counter space known as Suite 101 located inside and toward the northwest end of the Terminal Building consisting of office space, together with:

2.1.2 The right to install and use a single communications dish antenna or whip antenna upon the roof of the Terminal Building, but only if such antenna complies with all of the requirements of all applicable laws and this Agreement, and subject to such conditions and requirements as Lessor may impose.

2.2 Rights in Adjacent Premises. Lessee's rights are expressly limited to the real property defined as the "Premises" in this Agreement. Without limitation, in the event any public or private property adjacent to the Premises is owned, dedicated, abandoned or otherwise acquired, used, improved or disposed of by Lessor, such property shall not accrue to this Agreement but shall be Lessor's only. In addition, and severable from the preceding sentence, upon any such event, Lessee shall execute and deliver to Lessor without compensation a quit-claim deed of such property. In the event the Premises consists of more or less than the stated area, this Agreement shall nevertheless continue and Lessee's obligations hereunder shall not be diminished.

2.3 Title. Lessee's rights hereunder are subject to all covenants, restrictions, easements, agreements, reservations and encumbrances upon, and all other conditions of title to, the Premises. Notwithstanding the preceding sentence, Lessor agrees that on the commencement date there will be no mortgage lien or deed of trust covering the Premises, other than current taxes or liens resulting from the acts or omissions of Lessee. Lessee's rights hereunder are further subject to all present and future building restrictions, regulations, zoning laws, ordinances, resolutions, and orders of all bodies, bureaus, commissions and bodies of any municipal, county, state, or federal authority, now or hereafter having jurisdiction over the Premises or Lessee's use thereof. Lessee shall have no right under this Agreement to do (or fail to do) anything prohibited (or required) by any documents affecting legal title to the Premises.

III. TERM OF LEASE

3. Term of Lease. Lessor hereby leases the Premises to Lessee subject to the following provisions and conditioned upon Lessee's full, timely, complete and faithful performance of all performances and things to be performed or done hereunder by Lessee and Lessee hereby accepts the Premises and this Agreement.

3.1 Term. The term of this Agreement shall be for a period of five (5) years commencing on the date of this Agreement unless sooner terminated as hereinafter set forth.

3.2 Extensions. Subject to Lessor's consent, which Lessor may withhold in Lessor's sole and absolute discretion, in the event of Lessee's continuously full, complete and timely performance of this Agreement throughout the initial term set forth above and any extension, this Agreement may be extended at Lessee's sole option for five (5) additional one (1) year periods for a total of ten (10) years. In order to exercise its option to extend, Lessee must give to Lessor written notice of Lessee's intent to extend no later than six (6) months and no earlier than twelve (12) months prior to expiration of the initial term (or, in the case of the second or subsequent extension, the prior extension). In the event of extension, Lessee shall obtain from Lessor and record a notice of extension in form acceptable to Lessor.

3.3 Holding Over. In any circumstance whereby Lessee would hold over and remain in possession of the Premises after the expiration of this Agreement, such holding over shall not be deemed to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon ten (10) days notice to Lessee.

IV. LEASE PAYMENTS

4. Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable one month in advance on the twenty-fifth day of the preceding calendar month. For example, the Rent for September shall be payable on or before August 25th. The first installment of Rent prorated for the portion of the month remaining in the month in which this Agreement is executed is due immediately upon execution of this Agreement.

4.2 Base Rent. The rental amount (the "Base Rent") Lessee shall pay to Lessor each of the first twelve (12) months from the commencement of the term of this Agreement shall be Two Thousand Three Hundred & No/100Dollars (\$2,300.00).

4.3 Base Rent Adjustment. The Base Rent shall be automatically adjusted upward on each annual anniversary of the commencement of the term of this Agreement on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics as of the date two (2) months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Base Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

provided, that in no event shall the Base Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index published by any federal agency shall be substituted by Lessor in Lessor's reasonable discretion. In the event of a holdover without Lessor's consent, Base Rent shall be increased by an additional twenty-five percent (25%) over the amount of Base Rent otherwise payable.

4.4 Base Rent Adjustment. If the parties agree to one or more extensions of the term of this Agreement, they shall renegotiate the Base Rent effective at the commencement of each such extension.

4.5 Security Deposit. At the time of execution of this Agreement Lessee shall provide to, and maintain with Lessor at all times during the term of this Agreement, a security deposit guaranteeing the faithful performance of this Agreement, or in lieu thereof, a cash bond or certificate of deposit acceptable to Lessor in Lessor's sole and absolute discretion in the name of Lessor, in the sum of Two Thousand Dollars (\$2,000.00). Any portion of said security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee to Lessor, shall be paid to Lessee by the then owner of the fee title to the Premises within sixty (60) days after termination of this Agreement.

4.6 Utilities. Lessee shall contract for and pay all charges, fees, deposits and other amounts for telecommunication services and devices at the rates applicable thereto. Lessor shall provide to the Premises air conditioning, heating, and electricity through existing lines or equivalent. Lessee shall pay Two Hundred Twenty and 70/100 Dollars (\$220.70) per month to Lessor for air conditioning, heating, and electrical service to the Premises. Lessor shall have the right to adjust said amount upward each July 1 during the entire term of this Agreement in the event of increases in the cost of utilities. Said amount includes a portion of the cost of utilities related to the common areas of the Terminal Building. Lessee shall do nothing that would materially increase the amount of shared utilities consumed at the Premises or common areas. No other utilities are available.

4.7 Late Fees. Should any installment of Rent not be paid on or before the date due, a ten percent (10%) late fee shall be added to the amount due, or found to be due. Furthermore, any and all amounts payable by Lessee under this Agreement that are not timely paid shall accrue interest at the rate of one percent (1%) per month from the date the amount first came due until paid. Lessee expressly agrees that the foregoing represent reasonable estimates of Lessor's costs in the event of a delay in payment of Rent.

4.8 Rent Amounts Cumulative. All amounts payable by Lessee hereunder or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.9 No Setoffs. All Rents shall be paid in full directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

V. USE RESTRICTIONS

5. Use Restrictions. Lessee's use and occupation of the Premises shall in all respects conform to all and each of the following cumulative provisions:

5.1 Permitted Uses. Lessee shall use the Premises for the Permitted Uses. No other activity shall be conducted at or from the Premises.

5.2 Hours of Operation. Lessee shall keep the Premises open for normal passenger vehicle and other vehicle rental service to the public for such hours of operation as is approved from time to time by the Contract Administrator, considering how best to serve airport customers.

5.3 No Exclusive Uses. This Agreement does not give Lessee any exclusive right to conduct any type of business at the Terminal Building or the Airport and nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C. § 1349). However, Lessor shall not permit a total of more than two (2) rental car operators to solicit rental car concessions within the Terminal Building.

5.4 Fixtures and Personal Property. Lessee shall provide to the Premises all equipment and other items necessary for the Premises to be conveniently used for the Permitted Uses.

5.5 Lessee's Agent. Lessee shall at all times during normal business hours or when the Premises are otherwise occupied retain on call available to Lessor upon the Premises an active, qualified, competent and experienced manager to supervise all activities upon and operation of the Premises and who shall be authorized to represent and act for Lessee in matters pertaining to all emergencies and the day-to-day operation of the Premises and all activities under this Agreement. During any temporary periods of absence by said manager, an assistant manager or designated representative of Lessee with like authorization must be present upon the Premises. Lessee shall also provide notice to Lessor of the name, address, and regular and after-hours telephone numbers of a person to handle Lessee's affairs and emergencies at the Premises.

5.6 Standards of Service. In entering into this Agreement, Lessor and Lessee have foremost in mind providing public access to enjoyable services of the highest quality. Without limitation, Lessee shall operate the Premises in a first-class manner; shall furnish prompt, clean and courteous service; and shall keep the Premises attractively maintained, orderly, clean, sanitary and in an inviting condition at all times, all to the satisfaction of Lessor. Lessee shall not employ any person or persons in or about the Premises who shall fail to be clean, courteous, efficient and neat in appearance or who shall use improper, obnoxious or rude language or act in a loud or boisterous or otherwise improper manner. No nudity or adult entertainment of any sort is permitted.

5.7 Staff Qualifications and Requirements. Except as Lessor may specifically allow from time-to-time, Lessee shall provide to the Premises at least the following level of staffing and expertise:

5.7.1 Lessee shall not allow any employee or other representative to work upon the Premises or in the vicinity of the Premises without first causing such person to confirm to Lessee in writing that such person has not been convicted of a felony crime.

5.7.2 If Lessor requests, Lessee shall make its employees available to Lessor from time to time for safety training and environmental training.

5.7.3 Lessee shall immediately contact the Scottsdale Police Department, the Scottsdale Fire Department, and/or paramedics when any situation arises outside the capacity and training of Lessee's on-site employees.

5.7.4 Lessee shall be responsible for all aspects of security and safety at the Premises regardless of whether Lessor influences or participates in Lessee's security or safety programs.

5.8 Security Requirements. Lessee shall participate in any public safety program promulgated from time to time by the City of Scottsdale Police Department or other law enforcement agency selected by Lessor from time to time. Lessee shall reasonably cooperate with Lessor and the City of Scottsdale Police regarding concerns and countermeasures affecting security and related risks of business and other operations and activities at and near the Premises.

5.9 Animals. No animals are allowed on the Premises other than seeing-eye dogs and similar animals providing health assistance to disabled persons. Customers' dogs on leashes are also permitted, if allowed by applicable laws and regulations from time to time.

5.10 Governmental Relations. Lessee shall conduct its activities at the Premises in coordination with Lessor as necessary to maintain good relations with all governmental entities having jurisdiction over the Premises and shall immediately give to Lessor notice of any actual or threatened dispute, violation or other disagreement relating to the Premises. Lessee is not an agent for Lessor.

5.11 Common Areas. Subject to current and future regulations and policies governing the use of, and access to, the Terminal Building and the airport, Lessee, its officers, employees, agents, patrons and invitees, and its suppliers of services and furnishers of materials shall have the right of ingress to and egress from the Premises through such portions of the Terminal Building as are open to the public from time to time. Such right is strictly limited to ingress and egress. There shall be absolutely no office activity or storage, however temporary, in the halls, steps, porches or other areas of or surrounding the Terminal Building or the Airport. Lessee shall immediately clean up any spills or debris caused by Lessee or its suppliers or customers. Lessor may from time to time make available to Lessee and/or other users a conference room for use by reservation subject to conflicting uses by Lessor and others and subject to Lessee's payment of a fee established by Lessor.

5.12 Parking. Parking is allowed only as follows:

5.12.1 Lessee shall have an exclusive right to park vehicles within not more than five (5) reserved parking spaces in the Terminal Parking Area, as described on Exhibit "A" attached hereto and made a part hereof, as designated by Lessor from time to time.

5.12.2 Such reserved parking spaces may be used only for employee and customer parking, and storage, preparation, queuing, or staging of rental vehicles.

5.12.3 Lessee shall also have the non-exclusive right to park vehicles within the rental car storage area, as described on Exhibit "A" attached hereto and made a part hereof.

5.12.4 Lessee shall mark each reserved parking space at the Terminal Parking Area with a portable sign indicating that the space is reserved for Lessee's use. Such signs must match Lessor's signs at the Terminal Parking Area.

5.12.5 Lessor in its sole discretion and from time to time may assign Lessee different parking spaces in the Terminal Parking Area.

5.13 Rental Car Cleaning Area. Lessee shall have the non-exclusive right to the use of the rental car cleaning area, as described on Exhibit "A" attached hereto and made a part hereof. Water and electricity are available at the rental car cleaning area.

5.14 Airport Operations. Lessee acknowledges that Lessee's use of the Premises shall be subject and subordinate to Lessor's operation of the Airport, which will necessarily directly and indirectly affect Lessee, the Premises, and Lessee's use of the Premises. Lessee's use of the Premises shall not be permitted by Lessee to in any way adversely affect Lessor's use or operation of the Airport. Without limitation:

5.14.1 Lessor reserves the right to further develop or improve the landing area and other areas of the Airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.

5.14.2 Lessor reserves the right but shall not be obligated to Lessee to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

5.14.3 There is hereby reserved to Lessor, its successors and assigns, for the use and benefit of Lessor and the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the Airport.

5.14.4 Lessee by accepting this agreement agrees for itself, its successors and assigns that it will not make use of the Premises in any manner that might interfere with the taxiing, landing and taking off of aircraft from the Airport, the loading or unloading of passengers or cargo or other aircraft operations or otherwise constitute a hazard. Whether any particular conduct complies with the foregoing shall be determined by Lessor.

5.15 Signs. Lessee shall have the right to install and operate two (2) appropriate signs at the Terminal Building to identify Lessee's rental car concession provided that all of the following conditions are met (Lessor in its sole discretion may authorize the placement of additional signs from time to time):

5.15.1 That the location, size and style of each such sign shall be subject to the provisions of the applicable sign ordinance and shall be in keeping with the Airport sign program as the same may change from time to time and with the overall aesthetics and utility of the Airport facilities and grounds, as determined by Lessor, and shall be designed, made and installed in a professional manner; and

5.15.2 That no sign shall be erected, installed or operated until Lessee has submitted written request, together with descriptions and drawings showing the intended locations, size, style and colors of such signs, to the aviation director, and has received prior written approval from the aviation director; and

5.15.3 That regardless of Lessee's existing signage, Lessor shall have the absolute right to limit the amount of signage for the Premises to one single-faced, exterior sign facing the roadway west of the Terminal Building and one single-faced interior sign in the hall of the Terminal Building adjacent to the Premises. Lessee shall cause said exterior sign to be combined with other signage at the Terminal Building. Without Lessor's consent, such exterior sign shall not exceed two square feet in gross sign area. Without Lessor's consent, said interior sign shall not exceed two square feet in gross sign area. The exterior and interior signs may be dual branded by Lessee. The wall in the Premises to the rear of the counter may contain more than one (1) sign.

5.15.4 That Lessee shall bear all costs pertaining to the erection, installation and operations, maintenance and removal of all signs including, but not limited to, the application for and obtaining of any required building permits.

5.16 Hazardous Materials. Lessee shall not produce, dispose, transport, treat, use or store any hazardous waste or materials or toxic substance upon or about the Premises or any substance now or hereafter subject to regulation under the Arizona Hazardous Waste Management Act, A.R.S. § 49-901 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*, or the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, or any other federal, state, county, or local law pertaining to hazardous waste or toxic substances (collectively "Toxic Substances"). The preceding sentence does not prohibit use of ordinary janitorial supplies used to clean and maintain the Premises. Lessee shall pay, indemnify, defend and hold Lessor harmless against any loss or liability incurred by reason of any Toxic Substance on or affecting the Premises caused by Lessee or its invitees occurring after the date of this Agreement, and shall immediately notify Lessor of any Toxic Substance at any time discovered or existing upon the Premises. Lessee understands the hazards presented to persons, property and the environment by dealing with Toxic Substances. Lessee shall cause any on-site or off-site storage, treatment, transportation, disposal or other handling of Toxic Substance by Lessee in connection with the Premises to be performed by persons, equipment, facilities and other resources who are at all times properly and lawfully trained, authorized, licensed and otherwise permitted to perform such services.

5.17 Communications Operations Restriction. Lessee shall not install, operate, or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment) that is presently in use or could be in use in the future. If such interference should occur, Lessee shall immediately discontinue using such equipment, methodology or technology that causes the interference until corrective measures are taken. Any such corrective measures shall be made at no cost to Lessor.

5.18 Prohibited Names. Lessee shall not allow use in connection with any operations at the Premises any name that directly or indirectly refers to or contains any part of Lessor's name or the Airport's name or otherwise suggests a connection between Lessor and Lessee or Lessee's activities. Lessee shall also not use in connection with its operations at the Premises any name associated with products or purveyors of any sort of alcohol, tobacco, adult entertainment or gambling related products or services.

VI. IMPROVEMENTS BY LESSOR

6. Improvements by Lessor. Lessor has not promised to and is not obligated in any manner to make any improvements or perform any construction or other work at the Premises.

VII. IMPROVEMENTS AND MAINTENANCE

7. Improvements and Maintenance. Except as expressly hereinafter provided, Lessee shall have all responsibilities for improvements to and maintenance of the Premises during the term of this Agreement.

7.1 Improvements by Lessor. Lessor has not promised to and is not obligated in any manner to make any improvements to the Premises, the Terminal Building or the airport.

7.2 General Provisions for Lessee's Improvements. The following provisions shall govern all improvements, alterations, modifications and other construction work of any description by Lessee whether or not specifically described herein (collectively "Lessee's Improvements") upon or related to the Premises:

7.2.1 All Lessee's Improvements shall be designed and made at Lessee's sole cost and expense.

7.2.2 Lessee's Improvements shall include all leasehold improvements, furnishings, furniture, equipment, draperies, carpeting, fixtures, paint, wall treatments, communications cabling, decorations and other construction work of any description as described in all plans heretofore or hereafter delivered by Lessee to Lessor. All such plans and construction are subject to inspection and final approval by Lessor as to colors, fabrics, materials, site plan, etc., as well as general design and function, and appearance. Lessee's corporate colors are acceptable as a part of the general design of the Premises.

7.2.3 All of Lessee's Improvements shall be of high quality, safe, fire resistant, modern in design, attractive in appearance, all as approved by Lessor.

7.2.4 Lessee shall diligently and expeditiously pursue the installation of all approved Lessee's Improvements and shall complete installation of all of Lessee's Improvements no later than three (3) months after the date of plans approval.

7.2.5 Lessee shall make no Lessee's Improvements without having first received the written consent of Lessor which Lessor may withhold in Lessor's sole and absolute discretion. Any approved alterations, modifications or additions shall be accomplished by Lessee at its sole cost and expense. Any changes to utility facilities shall be strictly limited to the Premises and shall be undertaken by Lessee at its sole cost and expense, and only with the written permission of Lessor.

7.2.6 In addition to the security deposit and any other payment or performance required under this Agreement, Lessee shall within two weeks following Lessor's approval of any Lessee's Improvements and prior to any construction work by Lessee at the Premises provide to Lessor a performance bond or unconditional and irrevocable letter of credit in form acceptable to Lessor and payable to Lessor alone, in an amount equal to the full contract amounts payable directly or indirectly to all persons for the construction work, to insure timely completion of all work and for the complete protection of Lessor and the Premises from the claims of any person supplying labor or materials or performing any construction, alteration or repair work at the Premises or any services in connection therewith. Lessee shall timely pay for all such labor, materials, work and all professional and other services related thereto and shall pay, indemnify, defend and hold harmless Lessor against all such claims. Without limitation, the performance and payment bonds to be posted with Lessor shall be in form and substance acceptable to Lessor, and issued by a person acceptable to Lessor and shall also at a minimum meet the requirements of A.R.S. §§ 34-222 and -223, and other applicable laws. All bonds shall be accompanied by or shall include a statement by the issuer to Lessor to the effect that the bond is intended by the issuer to provide to Lessor at a minimum the protection described herein. Lessee shall deliver directly to Lessor's legal department (together with a copy to Lessor as provided for notices under this Agreement) a full and complete draft form of bond at least twenty-one (21) days prior to the date the actual bond is required. All requirements of this paragraph apply to letters of credit and any other form of assurance provided pursuant to this paragraph. In lieu of any bond required, Lessee may provide a clean, unconditional, irrevocable letter of credit in the bond amount issued by a federally insured financial institution with offices in Maricopa County, Arizona. The letter of credit must be payable to Lessor upon demand and must also meet all other requirements of this paragraph. The letter of credit must have an expiration date at least sixty (60) days after the time provided herein for completion of the construction. Any replacement letter of credit must be delivered to Lessor at least thirty (30) days before expiration of the letter of credit being replaced.

7.2.7 All Lessee's Improvements shall be contained entirely within the Premises and without any encroachment or dependence upon any other property.

7.2.8 Any and all construction work performed on the Premises by Lessee shall be performed in a workman-like manner as reasonably determined by Lessor and shall be diligently pursued to completion and in conformance with all building codes and similar rules. All Lessee's permanent improvements affixed to the Premises shall be and become part of the realty and the real property of Lessor "brick by brick" as constructed. In any event, the Premises must be left in as good or better condition as it may be on the date of this Agreement, or such better condition as the Premises may hereafter be placed.

7.2.9 All work shall be done strictly at Lessee's expense and paid for by Lessee. In no event, including without limitation termination of this Agreement for any reason, shall Lessor be obligated to compensate Lessee in any manner for any of Lessee's Improvements or other work provided by Lessee during or related to this Agreement.

7.2.10 Lessee acknowledges that as of the date of this Agreement, Lessor has not approved or promised to approve any plans for Lessee's Improvements.

7.3 Maintenance by Lessor. Lessor shall perform at Lessor's expense indoor janitorial service for the common areas of the Terminal Building and exterior landscaping and sweeping of parking areas. Lessee shall pay to Lessor an amount reasonably determined by Lessor to be the costs of the foregoing incurred because of unpermitted or improper actions of Lessee or its agents, customers, or other guests. Lessor shall also be responsible to maintain the structural integrity of the Premises, exterior windows, exterior doors, roof, exterior walls, sewers, air conditioning, heating and plumbing within or serving the Premises.

7.4 Maintenance by Lessee. Lessee shall at all times repair and maintain the Premises at Lessee's sole expense in a first-class, sound, clean and attractive manner, as determined in Lessor's reasonable discretion. Without limitation, Lessee shall be responsible for the following:

7.4.1 Janitor and all other cleaning service in the Premises.

7.4.2 Cleanup of any spills or other debris or damage to the Premises or to nearby areas of the airport caused by Lessee or its agents and customers or others claiming under Lessee including, without limitation, spills, debris and damage.

7.4.3 Adequate and sanitary handling and disposal, away from the Premises and the airport, of all trash, garbage and other refuse related to Lessee's use of the Premises. Without limitation, Lessee shall provide and use suitable covered receptacles for all trash and other refuse related to Lessee's use of the Premises. Piling of boxes, cartons, barrels or other items outside the Premises or in a manner visible from outside the Premises or in a manner visible to areas open to the public is prohibited. The area in which trash containers are stored shall be kept clean and free of all trash and debris and shall be shielded from public view. Unless requested by Lessor from time to time, Lessee may use large metal dumpsters Lessor may provide. Lessee acknowledges that the dumpster currently located near the Terminal Building will likely be relocated from time to time to other locations in the general vicinity of the Terminal Building.

7.4.4 All other repairs and maintenance of the Premises not specifically required hereunder to be performed by Lessor.

7.5 Lessor's Fixtures and Personality. Lessee shall not remove, alter or damage in any way any improvements or any personal property of Lessor upon the Premises without Lessor's prior written approval. In all cases, Lessee will repair any damage or other alteration to Lessor's property to as good or better condition than existed before the damage or alteration.

XIII. BREACH

8. Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

8.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

8.1.1 If Lessee shall be in arrears in the payment of Rent and shall not cure such arrearage within ten (10) days after Lessor has notified Lessee in writing of such arrearage.

8.1.2 If Lessee shall fail to maintain the Premises as required in this Agreement.

8.1.3 If Lessee shall fail to operate the facilities herein required for a period of three (3) consecutive days or a total of five (5) days within any calendar year.

8.1.4 If any assignment of any of Lessee's property shall be made for the benefit of creditors.

8.1.5 If any representation or warranty made by Lessee in connection with this Agreement or the negotiations leading to this Agreement shall prove to have been false in any material respect when made.

8.1.6 If Lessee shall fail to observe and comply with all bidding requirements of Lessor with respect to this Agreement and with all performances promised by Lessee with respect to Lessee's bid submitted in connection therewith.

8.1.7 If Lessee shall fail to timely pay any taxes or other amounts herein required to be paid by Lessee to Lessor or to any other person.

8.1.8 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals from Lessor or any other governmental body or timely pay any taxes with respect to this Agreement, the Premises or Lessee's use of the Premises.

8.1.9 If any environmental, health or similar inspector issues any formal notice of investigation or violation of health, environmental or similar regulations in connection with Lessee's use of the Premises or determines during any two or more consecutive inspections that the same deficiency has been repeated or that the overall operation falls materially below standards for first rate well operated similar facilities in Maricopa County.

8.1.10 If Lessee does not complete construction of any of Lessee's Improvements within the times required by this Agreement.

8.1.11 If the issuer of any guaranty, letter of credit, bond, insurance policy or similar instrument shall fail for any reason to timely and fully honor any request by Lessor for funds or other performance under the instrument within ten (10) days after such request.

8.1.12 If Lessee shall engage in a pattern of repeated failure (or neglect) to timely do or perform or observe any provision contained herein. Three (3) or more failures to comply with any provision of this Agreement during any twelve (12) month period constitutes a repeated failure by Lessee to comply with such provision.

8.1.13 If Lessee shall fail to or neglect to do or perform or observe any other provisions contained herein on its part to be kept or performed and such failure or neglect to do or perform or observe any of such other provisions shall continue for a period of thirty (30) days after Lessor has notified Lessee in writing of Lessee's default hereunder.

8.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, without further demand or notice, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

8.2.1 Terminate this Agreement.

8.2.2 Enter into and upon the Premises or any part thereof, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

8.2.3 Enforce a lien (which is hereby granted to Lessor) upon Lessee's property now or at any time hereafter at the Premises securing all of Lessee's obligations hereunder.

8.2.4 Cause a receiver to be appointed for the Premises and for the continuing operation of Lessee's business thereon.

8.2.5 Pay or perform, for Lessee's account and at Lessee's expense, any or all payments or performances required hereunder to be paid or performed by Lessee.

8.2.6 Abate at Lessee's expense any violation of this Agreement.

8.2.7 Pursue at Lessee's expense any and all other remedies, legal or equitable, to which Lessor may be entitled.

8.2.8 Refuse without any liability to Lessee therefore to perform any obligation imposed on Lessor by this Agreement.

8.2.9 Be excused from further performance under this Agreement.

8.2.10 Notwithstanding anything in this Agreement to the contrary, unilaterally and without Lessee's or any other person's consent or approval, draw upon, withdraw or otherwise realize upon or obtain the value of any letter of credit, escrowed funds, insurance policies, or other deposits, sureties, bonds or other funds or security held by Lessor or pledged or otherwise obligated to Lessor by Lessee or by any third party (whether or not specifically mentioned herein) and use the proceeds for any remedy permitted by this Agreement.

8.2.11 Insist upon Lessee's full and faithful performance under this Agreement

and upon Lessee's full and timely payment of all Rent during the entire remaining term of this Agreement.

8.2.12 Assert or exercise any other right or remedy permitted by law.

8.3 Notice of Breach. Lessee shall promptly give notice to Lessor of any event or circumstance that is (or with the passing of time or the giving of notice or both will become) an Event of Default under this Agreement.

8.4 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or otherwise prevent Lessor from declaring a default for any breach or succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or paragraph) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS PARAGRAPH.

8.5 Reimbursement of Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

8.6 Inspection. Lessor shall have access to the Premises at all times upon reasonable prior notice (except, in the event of an emergency, without notice) for the purpose of examining, inspecting, evaluating, planning, repairing, designing, maintaining or showing the Premises or exercising Lessor's other rights hereunder. Lessee shall promptly undertake appropriate action to rectify any deficiency (identified by Lessor during such inspections or otherwise) in Lessee's compliance with this Agreement. This paragraph does not limit Lessor's other rights of access to the Premises elsewhere in this Agreement or otherwise.

8.7 Default by Lessor. Notwithstanding anything in this Agreement to the contrary, if the event Lessor at any time is required to pay to Lessee any amount or render any performance, such amount or performance is not due until thirty (30) days after notice by Lessee to Lessor that the amount has become payable or that the performance is due. If a cure cannot be effected during that period, Lessor shall not be in default so long as Lessor commences cure during the period and diligently prosecutes the cure to completion provided such cure must be completed within sixty (60) days after it is due.

IX. TERMINATION

9. Rights at Termination. The following provisions shall apply upon expiration or other termination of this Agreement at any time for any reason:

9.1 Surviving Obligations. Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or events leading to or occurring before termination shall survive and not terminate.

9.2 Delivery of Possession. Lessee shall, without demand, peaceably and quietly quit and deliver up the Premises to Lessor thoroughly cleaned, in good repair, maintained and repaired and in as good order and condition, reasonable use and wear excepted, as the same now are or in such better condition as the Premises may hereafter be placed by Lessee or Lessor.

9.3 Confirmation of Termination. Lessee shall provide to Lessor upon demand quit claim deeds covering the Premises executed by Lessee and by all persons who claim that they have received from or through Lessee any interest in or right to use the Premises or any interest in Lessee's rights under this Agreement.

9.4 Fixtures and Improvements. If the same has not occurred earlier, title to any and all fixtures and structural or permanent improvements placed upon the Premises by Lessee together with all irrigation equipment, walkways, sockets, railings, and all other equipment and personal property of every description attached or affixed to the Premises shall automatically vest in Lessor without any payment by Lessor or any compensation to Lessee and without requirement of any deed, conveyance, or bill of sale. The preceding sentence does not apply to other personal property that is not physically attached in any way to the Premises. However, if Lessor shall request any documents in confirmation thereof, Lessee shall promptly execute, acknowledge and deliver the same. Lessee shall assign and deliver to Lessor all operating manuals, warranties and similar materials pertaining to all personal property transferred to Lessor. Further, Lessee shall at its own expense, but only to the extent requested by Lessor in writing, remove and dispose of any said property and any fixtures and structural or permanent improvements placed upon the Premises by Lessee and completely repair the Premises to match adjacent finishes. Lessor may, in the exercise of its sole and absolute discretion, consider any Lessee property remaining on or about the Premises after the time for removal, abandoned and subject to removal, storage and disposal by Lessor at Lessee's expense and without compensation or accounting.

X. INDEMNITY AND INSURANCE

10. Indemnity and Insurance. During the entire term of this Agreement, Lessee shall insure the Premises and all property and activities at and about the Premises and provide indemnification as follows:

10.1 Insurance Required. Prior to entering, occupying or using the Premises in any way (and in any event, commencing not later than five (5) days after the date of this Agreement) and at all times thereafter, Lessee shall obtain and cause to be in force and effect the following insurance:

10.1.1 Commercial General Liability. Commercial general liability insurance with a limit of One Million Dollars (\$1,000,000) for each occurrence and a limit of Two Million Dollars

(\$2,000,000) general aggregate limit per policy year. The policy shall cover liability arising from Premises, operations, independent contractors, products, completed operations, personal injury, bodily injury, advertising injury, and liability assumed under an "insured contract" including this Agreement. The policy will cover Lessee's liability under the indemnity provisions of this Agreement. The policy shall contain a "separation of insureds" clause.

10.1.2 Automobile Liability. Automobile liability insurance with a combined single limit of One Million Dollars (\$1,000,000) for each accident covering any and all owned, hired, and non-owned vehicles assigned to or used in any way in connection with Lessee's use of the Premises. Without limitation, such insurance shall cover hazards of motor vehicle use for loading and off loading.

10.1.3 Workers' Compensation. Such workers' compensation and similar insurance as is required by law and employer's liability insurance with a minimum limit of One Hundred Thousand Dollars (\$100,000) for each accident, One Hundred Thousand Dollars (\$100,000) disease for each employee, Five Hundred Thousand Dollars (\$500,000) policy limit for disease. All contractors and subcontractors must provide like insurance.

10.1.4 Personal Property. Lessee shall maintain special causes of loss personal property coverage, as defined by Insurance Services Office, Inc., in an amount per occurrence equal to full replacement cost of all personal property used in connection with the Premises.

10.1.5 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers and agents (all of whom, including Lessor, are collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises.

10.1.6 Limit and Other Adjustments. Lessor may elect by notice to Lessee to increase the amount or type of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent type or amount of insurance to be provided.

10.2 Form of All Insurance. All insurance provided by Lessee with respect to the Premises, whether required by this Agreement or not, and all insurance provided by third parties under this Agreement, shall meet the following requirements:

10.2.1 "Occurrence" coverage is required. "Claims made" insurance is not permitted.

10.2.2 If Lessee uses any excess insurance then such excess insurance shall be "follow form" equal to or broader in coverage than the underlying insurance.

10.2.3 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted away from the Premises.

10.2.4 Lessee must clearly show by providing copies of insurance policies, certificates, formal endorsements or other documentation acceptable to Lessor that all insurance coverage required by this Agreement is provided.

10.2.5 Lessee's insurance shall be primary insurance.

10.2.6 All policies, including workers' compensation, shall waive transfer rights of recovery (subrogation) against Lessor, and the other Additional Insureds.

10.2.7 No deductibles, retentions, or "self insured" amounts shall exceed One Hundred Thousand Dollars (\$100,000.00) in the aggregate per year, per policy. Lessee shall be solely responsible for any self-insurance amount or deductible.

10.2.8 No deductible shall be applicable to coverage provided to Lessor.

10.2.9 Lessor may require Lessee from time to time to secure payment of any deductible or self-insured retention by a surety bond or by a clean, irrevocable and unconditional letter of credit in content and form satisfactory to the city attorney's office.

10.2.10 All policies shall contain provisions that neither Lessee's breach of a policy requirement or warranty, nor inadvertent failure to follow claims reporting procedures, shall affect coverage provided to Lessor.

10.2.11 All policies except workers' compensation must cover Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement.

10.2.12 All applicable policies must name Lessor as a loss payee as respects proceeds relating to the Premises.

10.2.13 All policies must be endorsed to provide Lessor with at least thirty (30) days prior notice of cancellation or ten (10) days prior notice of cancellation for non-payment of premiums.

10.2.14 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

10.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor the Standard ACORD certificate of insurance annually and with each change in insurance coverage. The Certificate must evidence that the policy described by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, the certificate must evidence that Lessor and the other Additional Insureds are additional insureds and that insurance proceeds will be paid as required by this Agreement. Certificates must be in a form acceptable to Lessor. All certificates are in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

10.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++6.

10.5 Lessor's Election to Provide Insurance. Lessor is not required to carry any

insurance covering or affecting the Premises or use of Lessor's property related to this Agreement. Lessor may elect to acquire all or any part of the insurance required by this Agreement (with or without any other real property Lessor may own, or control) and Lessee shall pay to Lessor the costs of such insurance as reasonably determined by Lessor. Lessee shall provide all required insurance not so provided by Lessor. Any insurance or self insurance maintained by Lessor shall not contribute to Lessee's insurance.

10.6 Insurance Proceeds. All insurance proceeds (whether actually paid before or after termination of this Agreement) shall be paid to Lessee and Lessor jointly and shall be allocated among Lessor, Lessee and other interested parties as their interests may appear.

10.7 No Representation of Coverage Adequacy. By requiring insurance herein, Lessor does not represent that coverage and limits will be adequate to protect Lessee. Lessor reserves the right to review any and all of the insurance policies and/or endorsements cited in this Agreement, but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Lessee from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times.

10.8 Use of Subcontractors. If Lessee subcontracts or otherwise delegates any work or use of the Premises under this Agreement, Lessee shall cause the delegatee to execute and provide to Lessor a writing executed by the delegatee containing the same indemnification clauses and insurance requirements set forth herein protecting Lessor and Lessee.

10.9 Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this paragraph are completely resolved, Lessee (and all other persons using, acting, working or claiming through or for Lessee or this Agreement (if they or their subcontractor, employee or other person or entity hired or directed by them participated in any way in causing the claim in question)) shall jointly and severally indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises or this Agreement (the "Indemnity"). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use, financial harm, or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings and all other costs and expenses of litigation or resolving the claim) that may arise in any manner out of any use of the Premises or other property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including without limitation any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. As a condition to Lessor's executing this Agreement, Lessee specifically agrees that to the extent any provision of this paragraph is not fully enforceable against Lessee for

any reason whatsoever, this paragraph shall be deemed automatically reformed to the minimal extent necessary to cause it to be enforceable to the fullest extent permitted by law. The Indemnity shall also include and apply to any environmental injury, personal injury or other liability relating to Lessor's or Lessee's acquisition, lessorship or use of real property developed, operated, owned, used, controlled or possessed by Lessor or Lessee under this Agreement. Notwithstanding the foregoing, the Indemnity does not apply to:

10.9.1 Claims arising only from the sole gross negligence of Lessor.

10.9.2 Claims that the law prohibits from being imposed upon the indemnitor.

10.10 Risk of Loss. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessee shall be responsible for any and all damage to its property and equipment related to this Agreement and shall hold harmless and indemnify Lessor and all other Additional Insureds, regardless of the cause of such damages.

10.11 Indemnities and Insurance Cumulative. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. The amount and type of insurance coverage required by this Agreement will in no way be construed as limiting the scope of the indemnities or other requirements of this Agreement.

10.12 Insurance to be Provided by Others. Lessee shall cause its contractors or other persons occupying, working on or about, or using the Premises pursuant to this Agreement to be covered by their own or Lessee's insurance meeting the requirements of this Agreement. The preceding sentence does not require such persons to provide insurance that merely duplicates insurance Lessee provides.

XI. CONDEMNATION

11. Condemnation. If any part of the Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, and in the event that such taking or condemnation shall render the Premises unsuitable for use as a rental car concession, then the term of this Agreement shall cease and terminate as of the date of taking of possession in such proceeding and Lessee shall have no claim for the value of any unexpired term of this Agreement. In the event of such an acquisition, Lessor shall pay to Lessee separate and apart from any condemnation action an amount equal to the lesser of i) the actual original cost of Lessee's Improvements acquired less depreciation on a straight line basis from the time of construction of Lessee's Improvements so acquired through the remaining original term of this Agreement, or ii) if Lessor is not the condemnor, the net amount actually received by Lessor with respect to such Lessee's Improvements. In the event of a partial taking or condemnation which is not extensive enough to render the Premises unsuitable for use as a rental car concession, Lessor shall promptly restore the Premises to a condition comparable to its condition at the time of such condemnation less the portion lost in the taking, this Agreement shall continue in full force and effect, and the Base Rent (but not the Percentage Rent) shall be reduced in proportion to the gross rentable area of the Premises so taken. In the event of any taking or condemnation,

Lessee shall not be entitled to any part of the award, as damages or otherwise. Lessor is entitled to receive the full amount of the award or other payment and Lessee hereby waives any right thereto. Nothing in this paragraph shall be construed to permit the abatement in whole or in part of the Percentage Rent.

XII. DAMAGE TO OR DESTRUCTION OF PREMISES

12. Damage to or Destruction of Premises. If the Premises are partially damaged by fire, explosion, the elements, the public enemy, or other casualty, but not rendered untenable, and provided that such damage is not caused by the act or omission of Lessee or its officers, employees, representatives, agents or customers, any such damage shall be repaired with due diligence by Lessor at its own cost and expense, and there shall be no reduction of Rent. If such damage shall be so extensive as to render the Premises untenable, but capable of being repaired in ninety (90) days, the same shall be repaired with due diligence by Lessor at its own cost and expense, and the Rent payable herein shall be proportionately paid up to the time of such damage and thereafter cease until such time as the Premises are restored. In the event the Premises are completely destroyed by fire, explosion, the elements, the public enemy or other casualty; or so damaged that they will remain untenable for more than ninety (90) days, Lessor shall be under no obligation to repair and reconstruct the Premises, and Rent payable hereunder shall be proportionately paid up to the time of such damage or destruction, and shall thenceforth cease until such time as the Premises may be fully restored. If within twelve (12) months after the time of such damage or destruction said Premises shall not have been repaired or reconstructed, Lessee may give Lessor written notice of its intention to cancel this Agreement in its entirety as of the date of such damage or destruction. Notwithstanding all of the foregoing provisions, all repairs required of Lessor shall be limited to the building structure, roof and outer walls. Repairs to finished improvements including, but not limited to, decorations, furnishings, floor and wall coverings, fixtures and equipment, shall be accomplished by Lessee at its cost and expense within ninety (90) days of the completion of Lessor's restoration of the Premises. Nothing in this paragraph shall be construed to permit the abatement in whole or in part of the Percentage Rent.

XIII. LESSEE'S RECORDS

13. Lessee's Financial Records. During the entire term of this Agreement, Lessee shall keep records and provide information to Lessor as follows:

13.1 Scope of Information. Unless otherwise specified, all of Lessee's recordkeeping and disclosure obligations under this article include and are limited to the following cumulative topics as reasonably determined by Lessor (collectively the "Covered Information"):

13.1.1 All information about this Agreement.

13.1.2 All information about Lessor's and Lessee's rights, obligations and performances under this Agreement.

13.2 Reports. Lessee shall deliver to Lessor written reports (and, if requested by Lessor, a presentation to Lessor's governing council or designee) covering such Covered Information as Lessor may request from time to time.

13.3 Records Inspection. At Lessee's expense, Lessee shall:

13.3.2 Permit and assist Lessor and its representatives at all reasonable times to inspect, audit, and copy Lessee's records of Covered Information.

13.3.3 Make the records of Covered Information (and reasonable accommodations for Lessor's audit and inspection) available to Lessor at Lessee's offices in the City of Scottsdale in Maricopa County, Arizona or at another location requested by Lessor within the corporate limits of the City of Scottsdale.

13.3.4 Cause Lessee's employees and agents and accountants to give their full cooperation and assistance in connection with Lessor access to the Covered Information.

13.4 Standards for Records. Lessee shall maintain a standard, modern system of recordkeeping for the Covered Information and shall keep and maintain proper and accurate books and other repositories of information relating to the Covered Information in accordance with generally accepted accounting principles applied on a consistent basis. If Lessor does not receive Covered Information, Lessor shall have the right to estimate the information that is not provided, which estimate shall be binding upon Lessee.

13.5 Record Retention. Lessee shall preserve records of the Covered Information in a secure place within the City of Scottsdale, Maricopa County, Arizona for a period ending seven (7) years after the time period reported by the records.

13.6 Record Media Included. Lessor's and Lessee's rights and obligations regarding the Covered Information encompass media, materials, and data repositories of every kind and character that may contain Covered Information. Such repositories include, without limitation, records, books, papers, documents, subscriptions, recordings, agreements, purchase orders, computer data, invoices, cash register tapes, contracts, logs, accounts, commitments, arrangements, notes, diaries, ledgers, correspondence, reports, drawings, receipts, vouchers and memoranda, and any and all other sources, records and repositories of Covered Information.

13.7 Access after Termination. Lessee's access to Covered Information shall continue for six (6) years after termination of this Agreement for any reason.

13.8 Costs of Audit. If an audit, inspection or examination discloses underpayments (or other matters adjusted in favor of Lessor) of any nature that exceed three percent (3%) of any payments or single payment, Lessee shall pay to Lessor Lessor's actual cost (based on the amount paid by Lessor, or based on reasonable charges charged by private auditors and other service providers for comparable work if the audit is performed by Lessor's employees) of the audit, inspection or examination, together with late fees, interest, and other amounts payable in connection with such adjustments or payments. Any adjustments and/or payments due as a result of any such audit, inspection or examination shall be made within a reasonable amount of time (not to exceed thirty (30) days) after Lessor gives to Lessee notice of Lessor's findings.

XIV. COMPLIANCE WITH LAW

14. Compliance with Law. Lessee shall perform its obligations under this Agreement in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended. Without limiting in any way the generality of the foregoing, Lessee shall comply with all and each of the following:

14.1 Applicability of Municipal Law. Without limitation, Lessee shall comply with municipal laws as follows:

14.1.1 Lessee acknowledges that this Agreement does not constitute, and Lessor has not promised or offered, any type of waiver of, or agreement to waive (or show any type of forbearance, priority or favoritism to Lessee with regard to) any law, ordinance, power, regulation, tax, assessment or other legal requirement now or hereafter imposed by the City of Scottsdale or any other governmental body upon or affecting Lessee or the Premises, or Lessee's use of the Premises.

14.1.2 All of Lessee's obligations hereunder are in addition to, and cumulative upon (and not to any extent in substitution or satisfaction of), all existing or future laws and regulations applicable to Lessee.

14.1.3 In the case of an ordinance or other law of the City of Scottsdale authorizing a credit, reduction in tax or amount charged or assessed, or any other benefit as a result of performances rendered under this Agreement, Lessee expressly waives, relinquishes and repudiates all such benefits with respect to performances rendered under this Agreement.

14.1.4 This Agreement is not intended to diminish any performances that would be required of Lessee by law if this Agreement had been made between Lessee and a private citizen.

14.1.5 Lessor has not relinquished or limited any right of condemnation or eminent domain over the Premises or any other property related to this Agreement.

14.1.6 This Agreement does not impair City of Scottsdale's power to enact, apply or enforce any laws or regulations, or exercise any governmental powers affecting in any way Lessee or the Premises.

14.1.7 Lessor's rights and remedies hereunder for Lessee's failure to comply with all applicable laws supplement and are in addition to and do not replace otherwise existing powers of the City of Scottsdale or any other governmental body.

14.2 Taxes, Liens and Assessments. In addition to all other Rent herein provided, Lessee shall pay, when due and as the same become due and payable all taxes and general and special fees, charges and assessments of every description which during the term of this Agreement may be levied upon or assessed against the Premises, the operations conducted therein, any Rent paid or other performances under this Agreement by either party, and all possessory interest in the Premises and improvements and other property thereon, whether belonging to the Lessor or Lessee; and Lessee agrees to indemnify, defend and hold harmless Lessor and the Premises and such property and all interest therein and improvements thereon from any and all such taxes and assessments, including any interest, penalties and other expenses that may be imposed, and from any lien therefor or sale or other proceedings to enforce payment thereof. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessor shall have the right from time to time to require that all of the foregoing payments be made by Lessee through Lessor. Lessee shall pay all sales, transaction privilege, and similar taxes.

14.3 Government Property Lease Excise Tax. Lessee shall be responsible for any and all property taxes and all government property lease excise taxes described in A.R.S. § 42-6201 *et seq.* or similar laws in force from time to time. Pursuant to A.R.S. § 42-6206, failure by Lessee to pay the taxes after notice and an opportunity to cure is an event of default that could result in divesting Lessee of any interest in or right of occupancy of the Premises.

14.4 Building Permits. If applicable, Lessee shall obtain at its own expense all building or other permits in connection with all construction performed by Lessee and shall comply with all zoning, building safety, fire and similar laws and procedures of every description.

14.5 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the Airport, including the Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith.

14.6 Airport Minimum Operating Standards. Lessee shall apply for and obtain an aeronautical business permit for on-airport rental car concession services in accordance with the Airport Minimum Operating Standards, as described on Exhibit "C" attached hereto and made a part hereof. Lessee shall at all times comply with, and pay all fees due under, the Airport Minimum Operating Standards, as the same may be amended from time to time.

14.7 Aviation Regulations. Lessee shall comply with any and all rules, regulations, laws, ordinances, statutes or orders of the FAA and any other governmental authority, whether Federal, State, County, or Lessor, lawfully exercising authority over the Airport.

14.8 Liability and Indemnity. Lessee shall be liable to Lessor, and shall pay, indemnify, defend and hold harmless Lessor against, any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon Lessor, including attorneys fees, arising from any violation of law caused directly or indirectly by act, omission, negligence, abuse or carelessness on the part of Lessee, its employees, agents, customers, visitors, suppliers, or invitees. Without limitation, the preceding sentence requires the payment by Lessee of any fines or penalties for any breach of security arising from the unauthorized entry of any of the aforementioned persons or their vehicles onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport.

14.9 Grant Agreement Assurances. Lessee shall observe and comply with the following covenants and conditions:

14.9.1 No person shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises on the grounds of race, color, handicap, or national origin. No person shall be excluded on the grounds of race, color, handicap, or national origin from participation in, denied the benefits of, or otherwise be subject to discrimination in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon.

14.9.2 Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as

said Regulations may be amended.

14.9.3 Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchases.

14.9.4 Lessee agrees that it shall insert this subparagraph and all of the other provisions of this paragraph titled "Grant Agreement Assurances" in any agreement, lease, contract, etc. by which Lessee grants a right or privilege to any persons, firm or corporation to render accommodations and/or services to the public on the Premises together with a provision that the "Grant Agreement Assurances" shall constitute a material breach thereof, and in the event of such non-compliance Lessor shall have the right to terminate the agreement and the estate thereby created without liability therefore. Either or both Lessor or the United States shall have the right to enforce the "Grant Agreement Assurances."

14.10 Federal Agreements. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the Lessor and the United States, relative to the development, operation or maintenance of the Airport.

14.11 Construction Regulations. Lessee shall comply with the notification and review requirements covered on Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

14.12 War or National Emergency. This Agreement shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

14.13 Affirmative Action. Lessee assures that it will undertake an affirmative action program if and as required by 14 CFR, Part 152, subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to Lessor that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as and if required by 14 CFR, Part 152, Subpart E, to the same effect.

XV. ASSIGNABILITY

15. Assignability. This Agreement is not assignable by Lessee except in strict compliance with the following:

15.1 Assignments Prohibited. References in this Agreement to assignments or subleases by Lessee shall be deemed to apply to all of the following transactions, circumstances and conditions:

15.1.1 Any voluntary or involuntary assignment, conveyance, or transfer of the Premises or any interest therein or any rights under this Agreement, in whole or in part.

15.1.2 Any voluntary or involuntary pledge, lien, mortgage, security interest, judgment, deed of trust, claim or demand, whether arising from any contract, any agreement, any work of construction, repair, restoration, maintenance or removal, or otherwise affecting the Premises (collectively "Liens").

15.1.3 The use, occupation, management, control or operation of the Premises or any part thereof by others.

15.1.4 Any transaction (or series of related or unrelated transactions) transferring a substantial part of the corporate stock (or other evidence of ownership, as applicable) or any other direct or indirect transfer of any substantial part of the ownership, management or control of Lessee or the Premises.

15.1.5 Any assignment for the benefit of creditors, voluntary or involuntary.

15.1.6 Any bankruptcy or reorganization.

15.1.7 The occurrence of any of the foregoing by operation of law.

15.2 Assignment Remedies. Any prohibited assignment shall be void and vest no rights in the assignee. Nevertheless, Lessor may, in its sole discretion and in addition to all other remedies available to Lessor under this Agreement or otherwise and in any combination, collect Rent from the assignee, sublessee or occupant and apply the net amount collected to the Rent required to be paid thereunder and/or void the assignment, all without prejudicing any other right or remedy of Lessor under this Agreement. No cure or grace periods shall apply to assignments prohibited by this Agreement or to enforcement of this Agreement against an assignee who did not receive Lessor's consent. Lessor may elect to increase Rent as a condition to consenting to an assignment.

15.3 No Waiver. No consent or collection or other action or inaction by Lessor shall be deemed a waiver of the prohibition on assignments or any other provision of this Agreement, or the acceptance of the assignee, sublessee or occupant as Lessee, or a release of Lessee from the further performance by Lessee of the provisions of this Agreement. The consent by Lessor to an assignment or subletting shall not relieve Lessee from obtaining the consent in writing of Lessor to any further assignment or sublease. Upon assigning, transferring or subletting the Premises, Lessee shall not be released of any liability hereunder but shall remain fully and personally obligated under this Agreement.

15.4 Enforceability after Assignment. This Agreement shall be enforceable personally and in total against Lessee and each successor, partial or total, and regardless of the method of succession, to Lessee's interest hereunder. Each successor having actual or constructive notice of this Agreement shall be deemed to have agreed to the preceding sentence.

15.5 Grounds for Refusal. No assignments of this Agreement are contemplated or bargained for. Lessor has the absolute right for any reason or for no reason in its sole discretion to give or withhold consent to any assignment or to impose any conditions upon any assignment.

Lessee shall pay to Lessor the sum of Five Hundred Dollars (\$500) for legal and administrative expenses related to any request for consent.

15.6 Form of Assignment. Any assignment shall be by agreement in form and content acceptable to Lessor. Without limitation, any assignment shall specify and require that each assignee acquiring any interest under this Agreement shall assume and be bound by, and be obligated to perform the terms and conditions of this Agreement, and that in the event Lessor terminates this Agreement because of default by Lessee, Lessor at Lessor's sole option may succeed to the position of Lessee as to any assignee of Lessee without liability for any prior breaches or performances by persons other than Lessor.

15.7 Lien Payment. Lessee shall pay all Liens as the same become due, and in any event before any judicial or non-judicial action or proceeding is commenced to enforce a Lien. Lessee shall pay, indemnify, defend and hold Lessor and the Premises free and harmless for, from and against any and all Liens, together with all liability, costs and expenses in connection therewith, including attorney's fees. Lessor shall have the right at any time to post and maintain on the Premises such notices, pay such amounts, file or record such notices, or take such other actions as Lessor may deem necessary to protect Lessor and its property interests against all Liens.

XVI. MISCELLANEOUS

16. Miscellaneous. The following additional provisions shall apply:

16.1 Amendments. This Agreement may not be amended except by a formal writing executed by the parties.

16.2 Limited Severability. In the event any term, condition, covenant, stipulation, agreement or provision herein contained is held to be invalid or unenforceable for any reason, the invalidity of such term, condition, covenant, stipulation, agreement or provision shall in no way affect any other term, condition, covenant, stipulation, agreement or provision herein contained. Further, this Agreement shall be deemed automatically reformed to secure to Lessor the legal, equitable, practical and other benefits of the provisions of this Agreement as written to the very maximum extent permitted by law.

16.3 Conflicts of Interest. No member, official or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement, that is prohibited by law.

16.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

16.5 Nonliability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any performance or amount that may become due to any party or successor, or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement.

16.6 Notices. Notices hereunder shall be given in writing personally served upon the other party or mailed by registered or certified mail, return receipt requested, postage prepaid addressed to:

If to Lessor: Scottsdale Aviation Director
15000 N. Airport Dr., Suite 200
Scottsdale, AZ 85260

Copy to: City of Scottsdale
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251
Attn: City Attorney

If to Lessee: Mr. Scott C. Clemmer
Enterprise Leasing Company of Phoenix, LLC
1444 W. Auto Drive
Tempe, AZ 85284

or to such other street address within Maricopa County, Arizona as may be designated by the respective parties in writing from time to time. Notices to Lessee may also be hand delivered to the Premises. In the event of any service by mail, as aforesaid, service shall be deemed to be complete three (3) business days after deposited in the United States mail.

16.7 Time of Essence. Time is of the essence of each and every provision of this Agreement. Any payments due on Saturday, Sunday or an Arizona legal holiday shall be due on the next succeeding day that is not a Saturday, Sunday or an Arizona legal holiday.

16.8 Funding. This subparagraph shall control notwithstanding any provision of this Agreement or any exhibit or other agreement or document related hereto. If funds necessary to fulfill Lessor's obligations under this Agreement are not appropriated by the Scottsdale City Council, Lessor may terminate this Agreement by thirty (30) days notice to Lessee. Termination in accordance with this provision shall not constitute a breach of this Agreement by Lessor. No person will be entitled to any compensation, damages or other remedy from Lessor if this Agreement is terminated pursuant to the terms of this subsection.

16.9 Paragraph Headings. The paragraph headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

16.10 Attorneys' Fees. In the event any action or suit or proceeding is brought by Lessor to collect the Rent due or to become due hereunder or any portion hereof or to take possession of the Premises or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement or to vindicate or exercise any of Lessor's rights or remedies hereunder, Lessee agrees to pay Lessor all costs of such action or suit and all expenses of such action or suit together with such sum as the Court may adjudge reasonable as attorneys' fees to be allowed in said suit, action or proceeding.

16.11 No Third Party Beneficiaries. Except as otherwise expressly provided, no person or entity shall be a third party beneficiary to this Agreement or shall have any right or cause of

action hereunder.

16.12 Exhibits. All exhibits attached hereto are incorporated into this Agreement by this reference.

16.13 Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreement, understanding, negotiation or representation regarding the Premises.

16.14 Further Assurances. Lessee agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as Lessor may reasonably require to consummate, evidence, confirm or carry out the agreement contained herein.

16.15 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement shall be construed according to its plain meaning and neither for nor against any party hereto. Lessee acknowledges that the Rent payable hereunder was negotiated in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

16.16 Survival of Liability. All obligations of Lessee hereunder and all warranties and indemnities of Lessee hereunder shall survive termination of this Agreement for any reason.

16.17 Choice of Law. This Agreement shall be governed by the internal laws of the State of Arizona without regard to choice of law rules. Lessor has not waived its claims procedures as respects this Agreement. Exclusive proper venue for any action regarding this Agreement shall be Maricopa County Superior Court. City and Lessee consent to personal jurisdiction in such court.

16.18 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for Lessee's benefit.

16.19 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the cancellation rights specified in A.R.S. § 38-511.

16.20 Recording. Within ten (10) days after the date of this Agreement, Lessor shall cause this Agreement to be recorded in the office of the Maricopa County Recorder.

EXECUTED as of the date first given above.

LESSEE: ENTERPRISE LEASING COMPANY OF
PHOENIX, LLC, an Arizona limited liability
company

By: _____

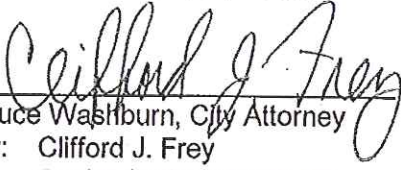
LESSOR: CITY OF SCOTTSDALE,
an Arizona municipal corporation

By: _____
W. J. "Jim" Lane, Mayor

ATTEST:

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:



Bruce Washburn, City Attorney
By: Clifford J. Frey
Senior Assistant City Attorney

Gary P. Mascaro, Aviation Director

Pauline Hecker, Risk Management Director

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____
2012, _____, _____ of _____,
an Arizona limited liability company.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by W. J. "Jim" Lane, Mayor of the City of Scottsdale, an Arizona municipal corporation.

Notary Public

My Commission Expires:

Airport Terminal Building Location

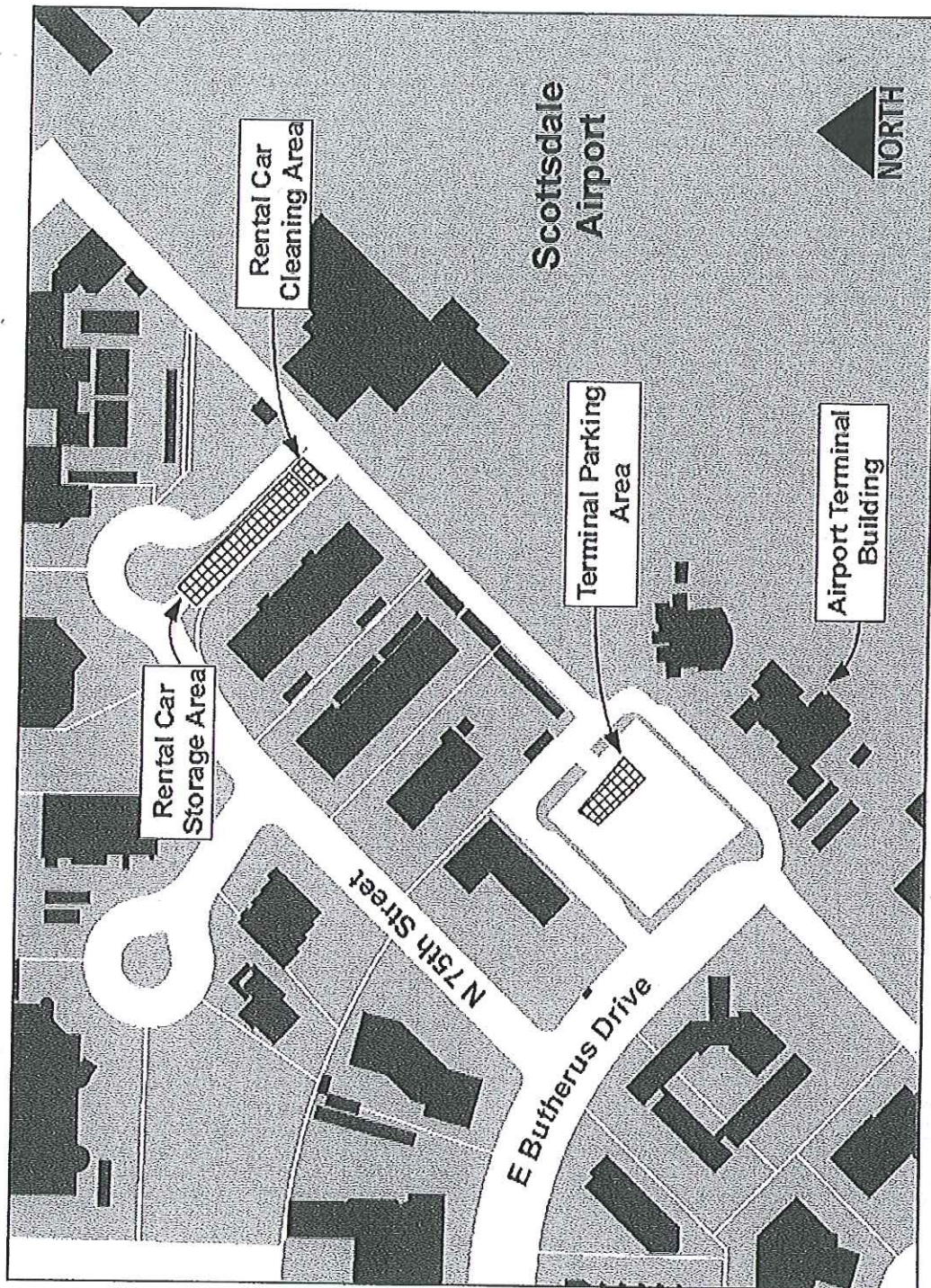


Exhibit "A"

Airport Terminal

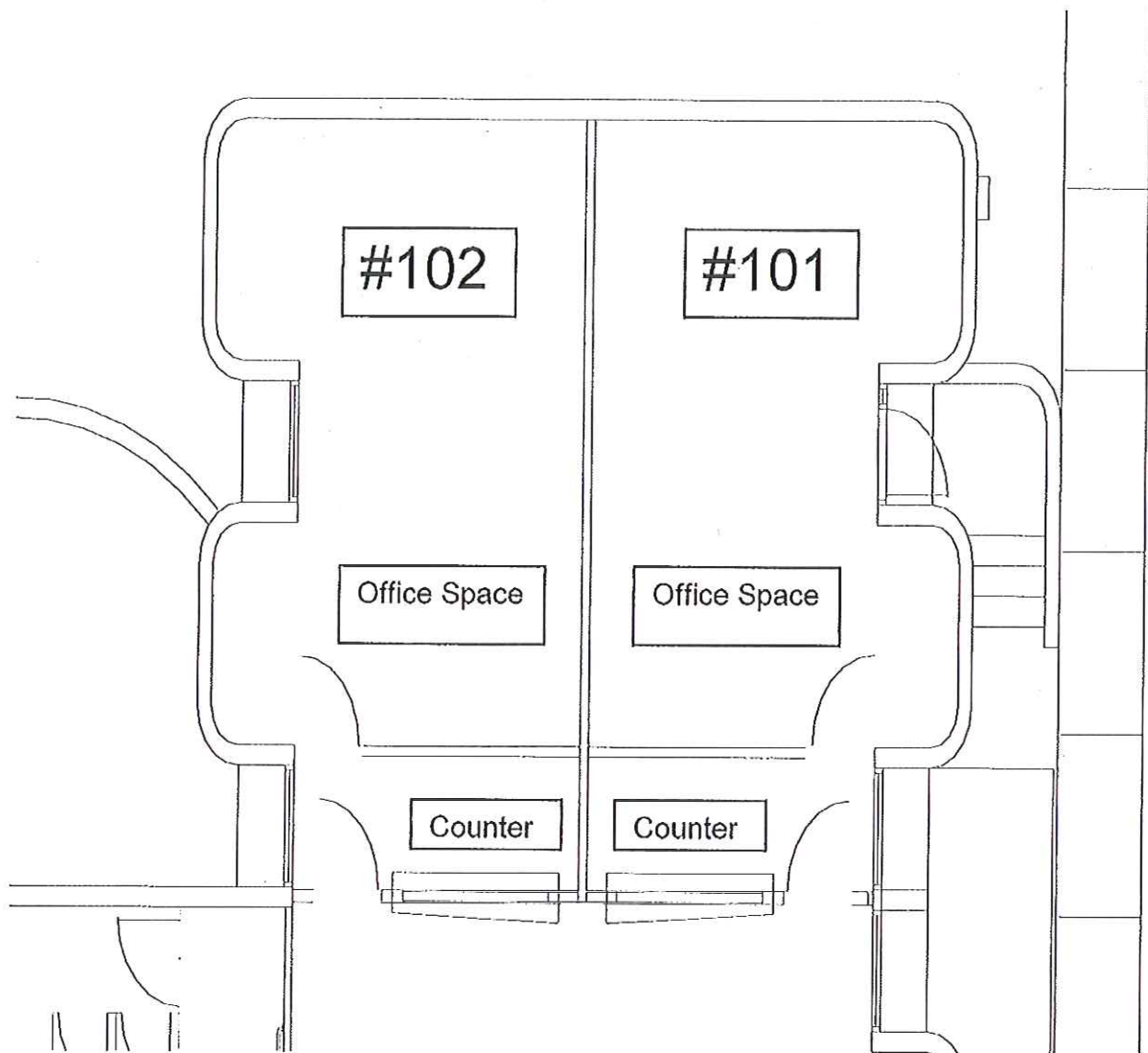


Exhibit "B"

Airport Minimum Operating Standards

Section 7-12. On-Airport Rental Car Concession Services.

An airport rental car concession services operator means a person providing rental car services to customers at the airport. An airport rental car concession services operator shall:

- (a) At all times maintain in effect the types and minimum amounts of insurance specified in article 4, for any of its activities at the airport that may be covered by such insurance.
- (b) Park rental cars landside, unless the car is being staged by an FBO for an arriving aircraft.
- (c) Wash all rental cars off-airport, unless the operator has lease rights to utilize the city-owned rental car storage and wash area.
- (d) Pay fees as prescribed by lease, license, permit or agreement. At a minimum, an operator located on-airport shall pay a monthly aeronautical business permit fee of eight (8) percent of gross income from the operator's sales of all services. Automobiles are considered rented at Scottsdale Airport (and, therefore included in gross income) if :
 - 1. The automobile is delivered to the customer at the airport; or
 - 2. The rental agreement is entered into at the airport even though the automobile is delivered elsewhere; or
 - 3. The automobile was reserved in advance at the airport by the customer or through an airline, FBO, or travel agent; or
 - 4. A vehicle rented at the airport is exchanged for another vehicle at any location within twenty-five (25) miles of the Scottsdale Airport for a time period running consecutively with the original rental agreement.

Exhibit "C"